



Pioneer Oil Company, Inc.
Producer of Petroleum

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STANDARD OPERATING PRACTICES

Uintah and Duchesne Counties, Utah

DRILLING PROGRAM

All lease and/or unit operations will be conducted in such a manner that full compliance is made with applicable laws, regulations (43CFR3100), Onshore Oil and Gas Orders, and the approved plan of operations. As Operator, Pioneer Oil Company, Inc., is fully responsible for the actions of subcontractors. A copy of these Standard Operating Practices (SOPs) will be furnished to the field representative(s) to insure compliance.

BLM NOTIFICATION REQUIREMENTS

Location Construction:	At least 48 hours prior to construction of location and access roads including notification, if applicable, to other surface management agencies such as the Ute Tribe Energy and Mineral Department, State of Utah, or private surface owner(s).
Location Completion:	Prior to moving the drilling rig.
Spud Notice:	At least 24 hours prior to spudding the well.
Casing String & Cementing:	At least 24 hours prior to running casing and cementing all casing strings
BOP & Related Equipment Tests:	At least 24 hours prior to initiating pressure tests.
First Production Notice:	Within 5 days after a new well begins production; or, within 5 days of when production resumes after a well has been off production for more than 90 days.

Details of the on-site inspection, including date, time, weather conditions, and individuals present, will be submitted with the site-specific Application for Permit to Drill (APD).

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DIV. OF OIL, GAS & MINING

1.0 ESTIMATED TOPS OF IMPORTANT GEOLOGIC MARKERS

- 1.1 Formations and depths will be submitted with the site-specific APD.

2.0 ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS, OR OTHER MINERALS

- 2.1 Formations and depths will be submitted with the site-specific APD.
- 2.2 All usable (<10,000 ppm TDS) water and prospectively valuable minerals (as described by BLM at the on-site) encountered during drilling will be recorded by depth and adequately protected. All oil and gas shows will be tested to determine commercial potential. This information shall be reported to the BLM Vernal Office.
- 2.3 All water shows and water-bearing geologic units shall be reported to the geology and engineering staff of the BLM Vernal Office prior to running the next string of casing or before plugging orders are requested. Usage of the State of Utah form Report of Water Encountered is acceptable, but not required. All water shows must be reported within one (1) business day after having been encountered. Detected water flows shall be sampled, analyzed, and reported to the geology and engineering staff of the BLM Vernal Office. The office may request additional water samples for further analysis.
- 2.4 The following information is requested for water shows and samples where applicable:

Location	Date Sampled
Sampled Interval	Temperature
Hardness	pH
Flow Rate	
Water Classification (according to State of Utah)	
Dissolved Iron (Fe) (ug/l)	Dissolved Calcium (Ca) (mg/l)
Dissolved Magnesium (Mg) (mg/l)	Dissolved Sodium (Na) (mg/l)
Dissolved Bicarbonate (NaHCO ₃) (mg/l)	Dissolved Carbonate (CO ₃) (mg/l)
Dissolved Sulfate (SO ₄) (mg/l)	Dissolved Chloride (Cl) (mg/l)
Dissolved Total Solids (TDS) (mg/l)	

3.0 PRESSURE CONTROL EQUIPMENT (See Exhibit A)

- 3.1 The Operator's minimum specifications for pressure control equipment are as follows:
- 3.1.1 The BOP and related equipment shall meet the minimum requirements of Onshore Oil and Gas Order No. 2 for equipment and testing requirements, procedures, etc., for a 2M system when the well is drilled to the base of the Wasatch Formation, for a 3M system when the anticipated target formation is the Mesaverde Formation, and for a 5M system when the anticipated target is the Lower Mesaverde Formation or deeper. Individual components shall be operable as designed. Chart recorders will be used for all pressure tests.
- 3.2 Test charts, with individual test results identified, shall be maintained on location while drilling and will be made available to a BLM representative upon request.

- 3.3 All required BOP tests and/or drills will be recorded in the IADC report.
- 3.4 If an air compressor is on location and is being utilized to provide air for the drilling medium while drilling, the special drilling requirements in Onshore Oil and Gas Order No. 2 regarding air or gas shall be adhered to. If a mist system is being utilized, the requirement for a deduster shall be waived.

4.0 PROPOSED CASING AND CEMENTING PROGRAM

4.1 PROPOSED CASING DESIGN

Wasatch/Mesaverde (generally TD between 10,800' and 11,500')

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>
Conductor	0 - 200'	17 1/2" or 20"	13 3/8"	48# or 54.5#	H-40, J-55, K-55, or M-50	STC
Surface	0-3400'	12 1/4"	8 5/8" or 95/8"	28#, 32#, or 36#	H-40, J-55, K-55, or M-50	STC
Production	0 - TD	7 7/8"	4 1/2"	11.6# or 13.5#	P-110	LTC

Wasatch/Mesaverde/Castlegate/Blackhawk (generally TD between 11,500' and 13,500')

<u>Purpose</u>	<u>Depth</u>	<u>Hole Size</u>	<u>Casing Size</u>	<u>Weight (lb/ft)</u>	<u>Grade</u>	<u>Type</u>
Conductor	0 - 200'	17 1/2" or 20"	13 3/8"	48# or 54.5#	H-40, J-55, K-55, or M-50	STC
Surface	0-3400'	12 1/4"	8 5/8" or 95/8"	28#, 32#, or 36#	H-40, J-55, K-55, or M-50	STC
Production	0 - TD	7 7/8"	4 1/2"	13.5#	P-110	LTC

NOTE: If open-hole conditions will not allow drilling to TD as above, an intermediate string of 7" casing may be run to cover the Wasatch. If run, the intermediate casing will be designed to meet or exceed any wellbore conditions which will be encountered. The remainder of the hole will then be drilled with a 6 1/4" bit and 4 1/2" casing will be run.

- 4.1.1 The proposed casing and cementing program shall be conducted as approved to protect and/or isolate all usable water zones, potentially productive zones, lost circulation zones, abnormally pressured zones, and any prospectively valuable deposits of minerals. Any isolating medium other than cement shall receive approval prior to use. The casing setting depth shall be calculated to position the casing seat opposite a competent formation that will contain the maximum pressure to which it will be exposed during normal drilling operations. Determination of casing setting depth shall be based on all relevant factors, including: presence/absence of hydrocarbons, fracture gradients, usable water zones, formation pressures, lost circulation zones, other minerals, or other unusual characteristics.

- 4.1.2 All casing, except conductor casing, shall be new or reconditioned and tested. Used casing shall meet or exceed API standards for new casing.

- 4.1.3 If drive pipe is used, it may be left in place if its total length is less than 20 feet below the surface. If the total length of the drive pipe is equal to or greater than 20 feet, it will be pulled prior to cementing surface casing, or it will be cemented in place.
- 4.1.4 At a minimum, usable fresh water zones shall be isolated and/or protected by having cement spotted across them at least 200 feet above the base of the usable water. If gilsonite is encountered while drilling, it shall be isolated and/or protected via the cementing program.
- 4.1.5 Surface casing shall have centralizers on the bottom three (3) joints, with a minimum of one (1) centralizer per joint.
- 4.1.6 Top plugs shall be used to reduce contamination of cement by displacement fluid. A bottom plug or other acceptable technique, such as a suitable preflush fluid, inner string cement method, etc., shall be utilized to help isolate the cement from contamination by the mud being displaced ahead of the cement slurry.
- 4.1.7 All casing strings below the conductor shall be pressure tested to 0.22 psi per foot of casing string length or to 1500 psi, whichever is greater, but not to exceed 70% of the minimum internal yield. If pressure declines more than 10% in 30 minutes, corrective action shall be taken.
- 4.1.8 Casing design will be subject to revision based on geologic depths and conditions encountered.
- 4.1.9 The surface casing shall be cemented back to surface either during the primary cement job or by remedial cementing

4.2 PROPOSED CEMENT DESIGN

<u>Conductor</u>	<u>Fill</u>	<u>Type & Amount</u>
<u>0-200'</u>	200'	For 200' casing strings, cement volume will be hole size plus 35% excess. All cement will be circulated to surface, and will be of Class 'G' quality or equivalent type, with a weight of 15.6 PPG and a yield of 1.18 ft ³ /sack, or have similar properties.
<u>Surface</u>	<u>Fill</u>	
<u>0-3400'</u>	3400'	For 3400' casing strings, cement volume will be hole size plus 35% excess. If fall-back occurs, the Surface-Conductor annulus will be topped out with premium-type cement in stages. Lead slurry will be approximately 550 sacks of Hi-Lift or similar type cement, mixed at a weight of 11 PPG and a yield of 3.91 ft ³ /sack, followed by a tail slurry of 185 sacks of 10-2 RFC or similar type cement, mixed at a weight of 14.2 PPG and a yield of 1.63 ft ³ /sack, or similar properties.
<u>Production</u>	<u>Fill</u>	<u>Type & Amount</u>
<u>0-TD</u>	2500'-TD	
500' above the top-most resource interval		Lead Slurry: Volumes will be calculated using caliper log volumes plus 18-20% excess. Lead slurry will be 300-400 sacks of Hi-Lift or similar type cement, mixed at a weight of 11.5 PPG and a yield of 3.05 ft ³ /sack, or similar properties. Density and yield may vary depending on mud weight and lost circulation if encountered.

TD-500' above productive interval

Tail Slurry: Volumes will be calculated using caliper log volumes plus 18-20% excess. Tail slurry will be 1500-2000 sacks of 50-50 Poz or similar type cement, plus additives, mixed at a weight of 14.1 PPG and a yield of 1.28 ft³/sack, or similar properties. Density and yield may vary depending on mud weight and lost circulation if encountered.

- 4.2.1 For production casing, actual cement volumes will be determined from the calculated hole volume + 60% excess, minimum, if no caliper, or 15-20% excess if caliper data is obtained. Cement volumes will include an amount sufficient to circulate to 2500', if possible. Operator will continue to attempt to circulate cement to at least 200' above the top of the Green River Formation, or as directed by the Authorized Officer (AO) or Acting, or as specified in the Conditions of Approval (COA) in the approved Application for Permit to Drill (APD).
- 4.2.2 For surface casing, waiting on cement time (WOC) will be adequate to achieve 500 PSIG compressive strength at the casing shoe prior to drilling out.
- 4.2.3 Anticipated cement tops will be reported as to depth, not the expected number of sacks of cement to be used.
- 4.2.4 The BLM Vernal Office shall be notified, at least 24 hours prior to running casing and cementing all casing strings, in order to have a BLM Vernal Office representative on location.
- 4.2.5 After cementing the surface pipe and/or any intermediate strings, but before commencing any test, the casing string shall stand cemented until the cement has reached a calculated compressive strength of at least 500 PSIG at the shoe. WOC time shall be recorded in the Driller's Log.

4.3 REPORTS TO BE FILED

- 4.3.1 The Progress Reports filed on Form 3160-5, "Sundry Notices and Reports on Well" are to be filed with the BLM Vernal Office Authorized Officer within 30 days after the work is completed and must include the following information:
 - 4.3.1.1 Setting of each string of casing showing the size, grade, weight of casing set, setting depth, amounts and type of cement used, whether cement circulated or the top of the cement behind the casing, depth of the cementing tools used, casing test method and results, and the date of the work done. The Spud Date will be shown on the first reports submitted.

4.4 AUXILIARY WELL CONTROL EQUIPMENT TO BE USED

- 4.4.1 Kelly cock.
- 4.4.2 A bit float is not deemed necessary.
- 4.4.3 A sub with a full opening (TIW) valve having threads compatible with drill string tubulars.

5.0 DRILLING FLUIDS PROGRAM

5.1 Wasatch/Mesaverde/Castlegate/Blackhawk (generally TD>10000')

<u>Interval</u>	<u>Type</u>	<u>Mud Weight</u>
0' – 3400'	Air/Air Mist/Aerated Water/Water (as hole conditions warrant)	8.4 PPG or less
3400'- 9000'	Fresh water, gel, additives	8.3-9.0 PPG
9000'-TD	Fresh water/ DAP drilling mud with weight increased from 8.4 at 9000' to 11.5 PPG at TD.	8.4 to 11.5 PPG

5.2 Chromate Additives

No chromate additives will be used in the mud system on Federal and/or Indian lands without prior BLM approval to ensure adequate protection of fresh water aquifers.

5.3 Hazardous Materials

No chemicals subject to reporting under SARA Title III in an amount equal to or greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing, or completing of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completing of this well.

6.0 EVALUATION PROGRAM

6.1 LOGGING PROGRAM

The Evaluation Program may change at the discretion of the well site geologist with approval by the Authorized Officer.

6.1.1 Cased Hole Logs Only

6.1.1.1 GR/CCL/CBL/VDL logs will be run from TD to top of cement

6.1.1.2 When cement has not been circulated to surface, the cement top will be determined by either a temperature survey or cement bond log. A field copy will be submitted to the Vernal BLM office.

6.1.2 Open Hole Logs

6.1.2.1 GR/Neutron/Density/Resistivity Logs from TD to surface casing shoe.

6.1.2.2 When utilized, mud or Lithology logs will be submitted to the Vernal BLM Office.

6.2 CORES

- 6.2.1** As deemed necessary.

6.3 DRILL STEM TESTS

- 6.3.1** Drill stem tests if they are run, the tests will adhere to the following requirements:

6.3.1.1 Initial opening of the drill stem test tools shall be restricted to daylight hours unless specific approval to start during other hours is obtained from the Authorized Officer. However, DSTs may be allowed to continue at night if the test was initiated during daylight hours and the rate of flow is stabilized and if adequate lighting is available (i.e., lighting which is adequate for visibility and vapor-proof for safe operations). Packers can be released, but tripping shall not begin before daylight, unless prior approval is obtained from the Authorized Officer. Closed chamber DSTs may be performed day or night.

- 6.3.2** Some means of reverse circulation shall be provided in case of flow to the surface showing evidence of hydrocarbons.

- 6.3.3** Separation equipment required for the anticipated recovery shall be properly installed before a test starts.

- 6.3.4** If a drill stem test is performed, all engines within 100 feet of the wellbore that are required to be operational during the test shall have spark arresters or water-cooled exhausts.

7.0 ABNORMAL CONDITIONS

- 7.1** No abnormal temperatures or pressures are anticipated. No hydrogen sulfide has been encountered or is known to exist from previous drilling in the area at this depth. Maximum anticipated bottomhole pressure will approximately equal total depth in feet multiplied by a 0.4 psi/foot gradient for wells <10000'. For wells > 10000', the anticipated bottomhole pressure will approximate a 0.6 psi/foot gradient. Maximum anticipated surface pressure would be approximately equal to bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 PSI/foot. These pressures will be expressed in PSIG in each site-specific APD.

8.0 ANTICIPATED STARTING DATES & NOTIFICATION OF OPERATIONS

8.1 DRILLING ACTIVITY

- 8.1.1** Anticipated Commencement Date: Upon approval of the site-specific APD.
- 8.1.2** Drilling Days: From 20 days to 50 days, depending on depth and hole conditions..
- 8.1.3** Completion Days: Approximately 7 days.

8.2 NOTIFICATION OF OPERATIONS

- 8.2.1 The BLM Vernal Office will be notified at least 24 hours **prior** to the commencement of spudding the well (to be followed with a Sundry Notice, Form 3160-5); of initiating pressure tests of the blowout preventer and related equipment; and, running casing and cementing of all casing strings. Notification will be made during regular work hours (7:45 a.m.- 4:30 p.m., Monday – Friday, except holidays).
- 8.2.2 **Immediate Report:** Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be promptly reported in accordance with the requirements of the appropriate regulations, Onshore Orders, Notice to Lessees, or BLM Policy.
- 8.2.3 No location will be constructed or moved; no well will be plugged; and, no drilling or workover equipment will be removed from a well to be placed in suspended status without prior approval from the Authorized Officer. If operations are to be suspended, prior approval of the Authorized Officer will be obtained and notification given before resumption of operations.
- 8.2.4 Daily drilling reports shall be submitted to the BLM Vernal Office after drilling operations are completed for each well, and daily completion records shall be submitted with the completion report for each well.
- 8.2.5 Whether the well is completed as a dry hole or a producer, the “Well Completion and Recompletion Report and Log”, (Form 3160-4) will be submitted not later than 30 days after final completion of the well or after completion of operations being performed, in accordance with 43 CFR 3164. One copy of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations will be filed with Form 3160-4. Samples (cuttings, fluids, and/or gases) will be submitted when requested by the Authorized Officer.
- 8.2.6 A completion rig will be used for completion operations. All conditions of this approved plan will be applicable during all operations conducted with the completion rig.
- 8.2.7 The Operator shall report production data to the MMS pursuant to 30 CFR 216.5 using form MMS/3160. In accordance with Onshore Oil and Gas Order No. 1, a well will be reported on form 3160-6, "Monthly Report of Operations," starting with the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed with the BLM Vernal Office.
- 8.2.8 The date on which production is commenced or resumed will be determined as:
- 8.2.8.1 For oil wells, as that date on which liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated; or, the date on which liquid hydrocarbons are first produced into a permanent storage facility, whichever occurs first.
- 8.2.8.2 For gas wells, as the date on which associated liquid hydrocarbons are first sold or shipped from a temporary storage facility, such as a test tank, and for which a run ticket is required to be generated, or the date on which gas is measured through permanent metering facilities, whichever occurs first.

- 8.2.9** Should the well be successfully completed for production, the Authorized Officer will be notified when the well is placed in a producing status. Such notification will be sent by written communication not later than 5 business days following the date when the well is placed on production.
- 8.2.10** Pursuant to Onshore Oil and Gas Order No. 1, lessees and operators have the responsibility to see that their exploration, development, production, and construction operations are conducted in a manner that conforms with applicable Federal laws and regulations and with State and local laws, to the extent to which they are applicable, for operations on Federal or Indian lands.
- 8.2.11** Pursuant to Onshore Order No. 7, with the approval of the Authorized Officer, produced water may be temporarily disposed of into unlined pits for a period of up to 90 days. During this period, an application for approval of the permanent disposal method must be submitted to the Authorized Officer. (See Section 7.6 of the Surface Use & Operations Plan)
- 8.2.12** Pursuant to NTL-4A, lessees or operators are authorized to vent/flare gas during the initial well evaluation tests, not to exceed 30 days or the production of 50 MMCF of gas, whichever occurs first. An application must be filed with the Authorized Officer and approval received for any venting/flaring of gas beyond the initial 30 days or authorized test period.
- 8.2.13** A schematic facilities diagram, as required by 43 CFR 3162.7-5(b.9.d), shall be submitted to the BLM Vernal Office within 60 days of installation or first production, whichever occurs first. All site security regulations, as specified in Onshore Oil & Gas Order No. 3, shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with 43 CFR 3162.7-5(b.4).
- 8.2.14** Well abandonment operations shall not be commenced without the prior approval of the Authorized Officer. In the case of newly drilled dry holes or failures, and in emergency situations, verbal approval will be obtained from the Authorized Officer. A "Subsequent Report of Abandonment", Form 3160-5, will be filed with the Authorized Officer within 30 days following completion of the well for abandonment. This report will indicate placement of the plugs and current status of the surface restoration. Final Abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the BLM Vernal Office Authorized Officer, or the appropriate surface managing agency.

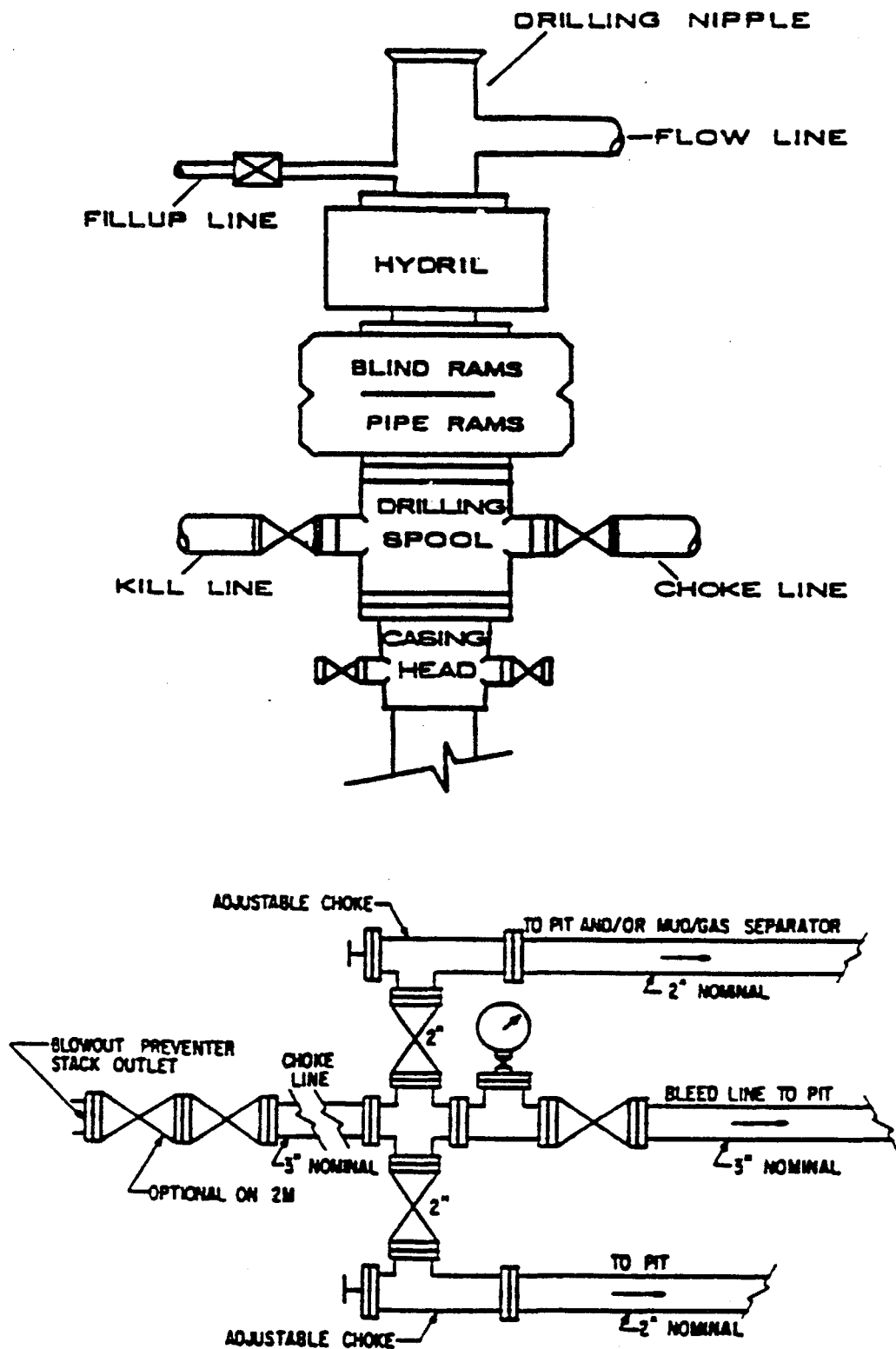
9.0 VARIANCES

- 9.1** Drilling operations may be conducted without an automatic igniter while drilling with an air/mist medium.
- 9.2** The straight-run blooie line requirement will be waived. Wherever possible, a straight-run blooie line will be used.
- 9.3** If a mist system is used, the requirement for a deduster shall be waived.

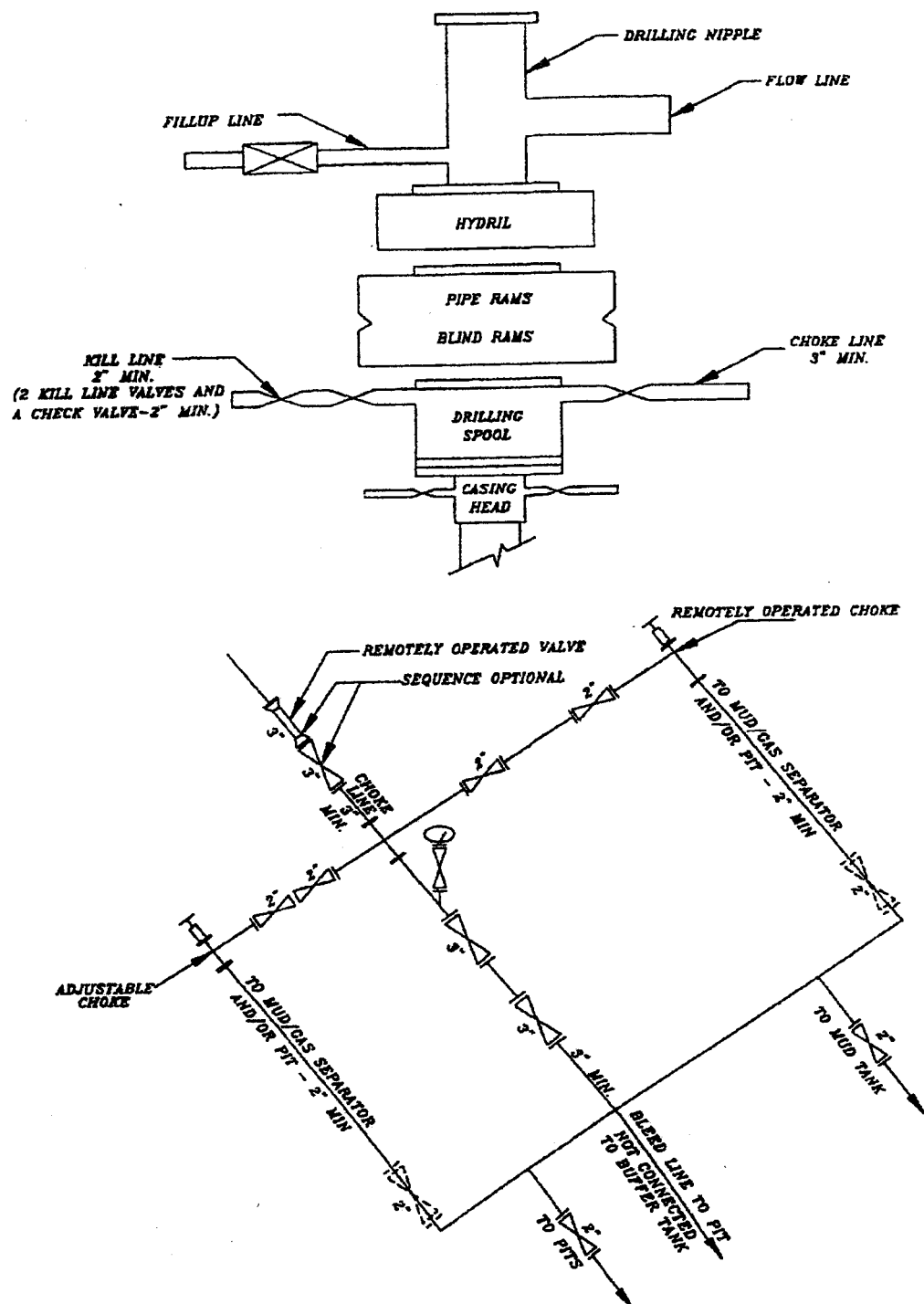
OTHER INFORMATION

- 10.1 All loading lines will be placed inside the berm surrounding the tank battery.
- 10.2 All off-lease storage, off-lease measurement, or commingling on-lease or off-lease will have prior written approval from the Authorized Officer.
- 10.3 The oil and gas measurement facilities will be installed on the well location. The oil and gas meters will be calibrated in place prior to any deliveries. Tests for meter accuracy will be conducted following initial installation and at least quarterly thereafter in accordance with Onshore Oil & Gas Order No. 5. The Authorized Officer will be provided with the date and time for the initial meter calibration and all future meter-proving schedules. A copy of the meter calibration reports will be submitted to the BLM Vernal Office. All meter measurement facilities will conform to Onshore Oil & Gas Order No. 4 for liquid hydrocarbons and Onshore Oil & Gas Order No. 5 for natural gas measurement.
- 10.4 The use of materials under BLM jurisdiction will conform to 43 CFR 3602.33. Mineral materials displaced in the ordinary course of conducting operations and/or construction activities may be used for oil and gas development purposes within the subject lease in accordance with BLM approved actions. Mineral materials also may be obtained by making application for a mineral material sale under the provisions of 43 CFR Subpart 3602, Mineral Materials Sales.
- 10.5 The Authorized Officer shall approve deviations from the proposed drilling and/or workover program. Safe drilling and operating practices will be observed. All wells, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.
- 10.6 Form 3160-5, "Sundry Notice and Report on Wells", will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2.
- 10.7 Section 102(b)(3) of the Federal Oil and Gas Royalty Management Act of 1982, as implemented by the applicable provisions of the operating regulations at Title 43 CFR 3162.4-1(c), requires that "not later than the 5th business day after any well begins production on which royalty is due anywhere on a lease site or allocated to a lease site, resumes production in the case of a well which has been off production for more than 90 days, the operator shall notify the Authorized Officer by letter or sundry notice, Form 3160-5, or orally to be followed by a letter or sundry notice, of the date on which such production has begun or resumed."
- 10.8 The APD approval is valid for a period of one year from the signature date. An extension period may be granted by the Authorized Officer, if requested, prior to the expiration of the original approval period.
- 10.9 In the event after-hours approval or notification is necessary, contact one of the following individuals:
- | | |
|--------------------|----------------|
| Matt Baker | (435) 828-4470 |
| Petroleum Engineer | |
| Michael Lee | (435) 828-7875 |
| Petroleum Engineer | |
| BLM FAX Machine | (435) 781-4410 |

EXHIBIT A
SCHEMATIC DIAGRAM OF 3,000 PSI BOP STACK



SCHEMATIC DIAGRAM OF 5,000 PSI BOP STACK



PIONEER OIL COMPANY INCORPORATED**STANDARD OPERATING PRACTICES****Uintah and Duchesne Counties, Utah****SURFACE USE PLAN OF OPERATIONS****1.0 EXISTING ROADS**

- 1.1 The location of each well and access road for each well will be shown on maps and described in the site-specific Application for Permit to Drill (APD).
- 1.2 All improvements requested for existing access roads will be described in the site-specific APD and will comply with Section 2, Planned Access Roads, of this document.
- 1.3 All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2.0 PLANNED ACCESS ROADS

- 2.1 The planned access road will be described and shown on maps included in the site-specific APD. The access road will be centerline flagged during the time of staking.
- 2.2 Access roads and surface disturbing activities will conform to standards outlined in the BLM and Forest Service publication: Surface Operating Standards for Oil and Gas Exploration and Development, 1989.
- 2.3 On Ute Tribal, private, and/or state surface, access roads will be constructed according to the surface owner's specifications. These specifications, Rights-Of-Way (ROWs), or Route Authorizations will be attached to the APD.
- 2.4 New access roads on BLM surface will be:
 - 2.4.1 Crowned (2 to 3%), ditched, and constructed with a running surface of 18 feet and a maximum disturbed width of 30 feet except where the gas gathering line is to be buried alongside the road, in which case the disturbed width will be increased to 60 feet.
 - 2.4.1.1 The disturbed width may be wider than 30 feet when approved by the appropriate Authorized Officer to accommodate large equipment, or to allow for intersections, sharp curves, steep grades, or other safe road construction and maintenance practices. These situations will be discussed and a decision made at the on-site. Site-specific proposals will be included in the APD.
 - 2.4.2 Graveling or capping the roadbed will be performed as necessary to provide a well-constructed, safe road.

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- 2.4.3** Prior to construction or upgrading, the proposed road shall be cleared of any snow and allowed to dry completely.
- 2.5** Unless specified in the site specific APD, the following specifications will apply:
- 2.5.1** No gas gathering lines will be crossed with the new construction until that gas gathering line has been buried to a safe depth to allow for the road crossing.
- 2.5.2** The maximum grade will be less than 8% whenever possible.
- 2.5.3** There will be no turnouts except as needed to prevent unauthorized vehicle parking or driving in undisturbed areas. Such proposed turnouts will be noted on the APD.
- 2.5.4** There will be no major cut and fills, culverts, or bridges. If it becomes necessary to install a culvert at some time after approval of the APD, the BLM will be notified of the installation via Sundry Notice.
- 2.5.5** Appropriate water control features will be constructed to control erosion.
- 2.5.6** There will be no gates, cattle guards, fence cuts, or modifications to existing facilities without approval of the District BLM office.
- 2.6** Surfacing material may be necessary, depending upon weather conditions.
- 2.7** Surface disturbance and vehicular traffic will be limited to the approved location and approved access route and travel surface. Any additional area needed will be approved in advance.
- 2.8** The road surface and shoulders will be kept in a safe and usable condition and will be maintained in accordance with the original construction standards. All drainage ditches and culverts will be kept clear and free-flowing and will be maintained according to original construction standards. The approved use authorization route for the access road will be kept free of trash during operations.
- 2.9** Road drainage crossings shall be of the typical dry creek drainage crossing type. Crossings shall be designed so they will not cause siltation or accumulation of debris in the drainage crossing nor shall the roadbed block the drainages.
- 2.10** Erosion of drainage ditches by runoff water shall be prevented by diverting water off at frequent intervals by means of cutouts.
- 2.11** Should mud holes develop, they shall be filled in and detours around them avoided.
- 2.12** When snow is removed from the road during the winter months, the snow will be pushed outside of the borrow ditches, and the cutouts kept clear so that snowmelt will be channeled away from the road.

3.0 LOCATION OF EXISTING WELLS WITHIN A 1-MILE RADIUS

- 3.1** A map will be provided with the site-specific APD showing the location of existing wells within a one-mile radius.

4.0 LOCATION OF EXISTING AND PROPOSED FACILITIES

- 4.1** The following guidelines will apply if the well is productive:

- 4.1.1** A dike will be constructed completely around those production storage facilities that contain fluids (i.e., production tanks, produced water tanks). These dikes will be constructed of compacted subsoil, corrugated metal berm, or stock tanks designed to contain fluid; be impervious; hold 110% of the capacity of the largest tank; and, are independent of the back cut. The specific APD will address additional containment dike capacity if such is needed due to environmental concerns. The use of topsoil for the construction of dikes will not be allowed.

- 4.1.2** Facility Painting:

- 4.1.2.1** All permanent (on-site, six months or longer) above-ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors that are described by the five state Rocky Mountain Inter-Agency Committee.

- 4.1.2.2** The facilities will be painted within six months of installation. The required color for the facilities is Carlsbad Canyon, Munsell standard color number 2.5YR.6/2, unless the Authorized Officer determines that another color shall be used.

- 4.1.2.3** Facilities required to be painted a different color in order to comply with the Occupational Safety and Health Act (OSHA) will be exempt from this required painting.

- 4.1.3** A description of the proposed gas gathering line will be included as part of the site-specific APD. Surface gas gathering lines will be constructed of 3", 4", 6" or 8" OD steel. Gas gathering line segments will be welded or zap locked together on disturbed areas in or near the location, whenever possible, and dragged into place.

5.0 LOCATION & TYPE OF WATER SUPPLY

- 5.1** Unless otherwise specified in the site-specific APD, water will be obtained from any of the following sources: Ouray supply wells, Ute Tribal water allocations, local community potable water sources such as the Myton water dock Facility (permit #43-1723), permitted sources along the Green River, and recycled frac, drilling and produced water.
- 5.2** Water will be hauled to the location over roads as marked on maps included with the site-specific APD.

6.0 SOURCE OF CONSTRUCTION MATERIALS

- 6.1** The use of topsoil for construction activities will not be allowed.
- 6.2** Surface and subsoil materials in the immediate area will be utilized.
- 6.3** Any gravel will be obtained from a commercial source.
- 6.4** The use of materials under BLM jurisdiction will conform to 43 CFR 3602.33. Mineral materials displaced in the ordinary course of conducting operations and/or construction activities may be used for oil and gas development purposes within the subject lease in accordance with BLM approved actions. Mineral materials also may be obtained by making application for a mineral material sale under the provisions of 43 CFR Subpart 3602, Mineral Materials Sales.

7.0 METHODS OF HANDLING WASTE MATERIALS

- 7.1** Drill cuttings will be contained and buried in the reserve pit.
- 7.2** Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be used at the next drill site or will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated. Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.
- 7.3** Unless specified in the site-specific APD, the reserve pit will be constructed on the location and will not be located within natural drainages, where a flood hazard exists or where surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.
- 7.4** If it is determined at the on-site inspection that a pit liner is necessary, the reserve pit will be lined with a synthetic reinforced liner a minimum of 12 or greater millimeters thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.
- 7.5** Reserve pit leaks are considered an undesirable event and will be verbally reported to the Authorized Officer. The Authorized Officer will determine what remedial action will be required.
- 7.6** After first production, produced wastewater will be confined to the approved pit or storage tank for a period not to exceed 90 days. During the 90-day period, in accordance with Onshore Order #7, an application for approval of a permanent disposal method and location will be submitted for the Authorized Officer's approval.
- 7.7** On BIA administered lands, production fluids will be contained in leak-proof tanks. All production fluids will be disposed of at approved disposal sites. Produced water, oil, and other byproducts will not be applied to roads or well pads for control of dust or weeds. The indiscriminate dumping of produced fluids on roads, well sites, or other areas will not be allowed.

- 7.8 Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site. The spills will be reported to the Authorized Officer and other appropriate authorities.
- 7.9 A chemical porta-toilet will be furnished with the drilling rig. The chemical porta-toilet wastes will be hauled to a municipal waste disposal facility.
- 7.10 Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. Trash will not be burned on location. The collected material will be hauled to an approved landfill.
- 7.11 All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig. The collected material will be hauled to an approved landfill.
- 7.12 No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling, testing, or completing of wells within the Gasco Proposed EIS Area. Furthermore, extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will not be used, produced, stored, transported, or disposed of in association with the drilling, testing, or completing of wells within the Gasco Proposed EIS Area. Specific APDs shall address any modifications from this policy. Attachment 1 contains the EPA List of Nonexempt Exploration and Production Wastes.

8.0 ANCILLARY FACILITIES

- 8.1 ~~Gasco's~~ drilling contractor will have a portable camp set up on most locations to house personnel working on the drilling rig. This camp will be moved from well site to well site along with the drilling rig. Gasco may make application for a more permanent location for a camp in the future.

9.0 WELL SITE LAYOUT

9.1 LOCATION LAYOUT DIAGRAM

- 9.1.1 A Location Layout Diagram will be included with the site-specific APD to describe and illustrate the following:

- 9.1.1.1 Drill pad cross-sections, cuts and fills.
- 9.1.1.2 Access Road.
- 9.1.1.3 Rig orientation.
- 9.1.1.4 Pipe racks.
- 9.1.1.5 Mud tanks.
- 9.1.1.6 Reserve pit.
- 9.1.1.7 Flare pit. The location will be downwind from the prevailing wind direction.
- 9.1.1.8 Parking areas for vehicles and trailers will be on the wellpad, and on any turnouts permitted in the APD.
- 9.1.1.9 Stockpiled topsoil (first six (6) inches). Topsoil will not be used for facility berms/containment dikes. All brush removed from the well pad during construction will be stockpiled with the topsoil.
- 9.1.1.10 Surface material stockpile(s).

9.2 FENCING REQUIREMENTS

- 9.2.1** The reserve pit will be fenced on two (2) sides using the fencing standards listed below. Upon removal of the drilling rig, the third and fourth side of the reserve pit will be fenced. The fence will be maintained until the pit is backfilled.
- 9.2.2** All pits will be fenced according to the following minimum standards:
- 9.2.2.1** 39-inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some other type of reinforcement rod is attached to the top of the entire fence.
 - 9.2.2.2** The net wire shall be no more than two (2) inches above the ground. The barbed wire shall be three (3) inches above the net wire. Total height of the fence shall be at least 42 inches.
 - 9.2.2.3** Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.
 - 9.2.2.4** Standard steel, wood, or pipe posts shall be used between the corner braces. The maximum distance between any two (2), fence posts shall be no greater than 16 feet.
 - 9.2.2.5** All wire shall be stretched using a stretching device before the wire is attached to corner posts.

10.0 SURFACE RECLAMATION PLANS

10.1 DRILLING & COMPLETION LOCATION RECLAMATION PLAN

- 10.1.1** Immediately after the drilling rig has been moved off the well location, the following reclamation will occur, weather permitting:
- 10.1.1.1** All trash and debris will be collected and removed from the location.
 - 10.1.1.2** The third and fourth sides of the reserve pit will be fenced.
 - 10.1.1.3** Excessive drilling mud will be drawn down to maintain a safe freeboard within the reserve pit.
 - 10.1.1.4** Free water within the reserve pit will be recycled to other drilling rigs.
 - 10.1.1.5** Where appropriate, aeration sprayers will be utilized to enhance evaporation of free water within the reserve pit.

10.2 INTERIM SURFACE RECLAMATION PLAN

- 10.2.1** Immediately after final well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production operations.
- 10.2.2** Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in the reserve pit will be removed. Other waste and spoil materials will be disposed of immediately, weather permitting, upon final well completion.
- 10.2.3** If a synthetic, nylon-reinforced, liner is used, the excess liner will be cut off and removed and the remaining liner will be torn and perforated while backfilling the reserve pit. Alternatively, the pit will be pumped dry, the liner folded into the pit, and the pit backfilled. The liner will be buried to a minimum of four (4) feet deep.
- 10.2.4** The reserve pit will be reclaimed within 180 days from the date of final well completion, weather permitting.
- 10.2.5** The reserve pit and that portion of the location not needed for production and storage facilities, and everyday production operations, will be reshaped to the approximate original contours to the extent possible. This will be completed by backfilling and crowning the pit to prevent water from standing. Topsoil will be re-spread up to the rig anchor points, excluding the area needed for production and storage facilities and everyday production operations. Reseeding, using appropriate reclamation methods, will occur immediately following the re-spreading of topsoil, weather permitting. The Authorized Officer will provide a seed mixture to re-vegetate the reserve pit and other unused disturbed areas at the time of the onsite.

10.3 DRY HOLE / ABANDONED LOCATION RECLAMATION PLANS

- 10.3.1** On lands administered by the BLM Vernal Office, abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions may include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and the re-establishment of vegetation as specified.
- 10.3.2** All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.
- 10.3.3** The Authorized Officer of the appropriate surface management agency shall be contacted for the required seed mixture. Seed will be drilled on the contour to an appropriate depth.
- 10.3.4** At final abandonment, the casing will be cut off at the base of the cellar or three (3) feet below the final restored ground level, whichever is deeper. The operator will cap the casing with a metal plate a minimum of 0.25 inches thick. The cap will be welded in place and the well location and identity will be permanently inscribed on the cap. The cap will be constructed with a weep hole. If requested by the Authorized Officer, an above ground dry hole marker will be constructed, and attached to the cut-off casing stub, with the pertinent well information welded onto the marker.

11.0 SURFACE OWNERSHIP

- 11.1** The ownership of the access roads and well pad will be specified on the site-specific APD.

12.0 OTHER INFORMATION

- 12.1** All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees. The Operator is fully responsible for the actions of subcontractors. A copy of these SOPs will be furnished to field representatives to ensure compliance.
- 12.2** The Operator will control noxious weeds along access road authorizations, gas gathering line route authorizations, well sites, or other applicable facilities by spraying or mechanical removal. A list of noxious weeds may be obtained from the BLM or the appropriate County Extension Office. On BLM administered land, a Pesticide Use Proposal (PUP) will be submitted and approved prior to the application of herbicides or other pesticides or possibly hazardous chemicals.
- 12.3** Drilling rigs and/or equipment used during drilling operations will not be stacked or stored on BLM administered lands after the conclusion of drilling operations or at any other time without BLM authorization. If BLM authorization is obtained, such storage is only a temporary measure.
- 12.4** Unless previously conducted, a Class III archeological survey will be conducted on all Federal and/or Tribal lands. All personnel will refrain from collecting artifacts and from disturbing any significant cultural resources in the area. The Operator is responsible for informing all persons in the area who are associated with this project that they may be subject to prosecution for knowingly disturbing historic or archaeological sites or for collecting artifacts. All vehicular traffic, personnel movement, construction, and restoration activities shall be confined to the areas examined, as referenced in the archaeological report, and to the existing roadways and/or evaluated access routes. If historic or archaeological materials are uncovered during construction; The Operator will immediately stop work that might further disturb such materials and contact the appropriate Authorized Officer.
- 12.4.1** Within five working days, the Authorized Officer will inform the Operator as to:
- 12.4.1.1** Whether the materials appear eligible for the National Historic Register of Historic Places;
 - 12.4.1.2** The mitigation measures The Operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and,
 - 12.4.1.3** A time frame for the Authorized Officer to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the Authorized Officer are correct and that mitigation is appropriate.
- 12.4.2** If the Operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the Authorized Officer will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise the Operator will be responsible for mitigation costs. The Authorized Officer will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the Authorized Officer that required mitigation has been completed, The Operator will then be allowed to resume construction.

-
- 12.5** On surface administered by the BIA, all Surface Use Conditions of Approval associated with the BIA Concurrence letter and Environmental Analysis Mitigation Stipulations will be adhered to, including:
- 12.5.1** Any/all contractors used by Gasco Production Company will have acquired a Tribal Business License and have access permits prior to construction.
 - 12.5.2** If the surface rights are owned by the Ute Indian Tribe and mineral rights are owned by another entity, an approved right-of-way will be obtained from the BIA before the Operator begins any construction activities. The BIA right-of-way application will be delivered under separate cover. If the surface is owned by another entity and the mineral rights are owned by the Ute Indian Tribe, a right-of-way will be obtained from the other entity.
 - 12.5.3** Upon completion of the APD and right-of-way construction, the Ute Tribe Energy and Mineral Department will be notified so that a Tribal Technician can verify an Affidavit of Completion.
 - 12.5.4** The Operator's employees, including subcontractors, will not gather firewood along roads constructed by the Operator. If wood cutting is required, a permit will be obtained from the Forestry Department of the BIA pursuant to 25 CFR 169.13, "Assessed Damages Incident to Right-of Way Authorization." The Operator, its subcontractors, vendors and their employees or agents may not disturb saleable timber (including firewood) without a duly granted wood permit from the BIA Forester.
 - 12.5.5** All roads constructed by the Operator on the Uinta and Ouray Indian Reservation will have appropriate signs. Signs will be neat and of sound construction. The sign will state:
 - 12.5.5.1** The land is owned by the Ute Indian Tribe.
 - 12.5.5.2** The name of the Operator.
 - 12.5.5.3** Firearms are prohibited to all non-Ute Tribal members.
 - 12.5.5.4** Permits must be obtained from the BIA before cutting firewood or other timber products.
 - 12.5.5.5** Only authorized personnel are permitted.
 - 12.5.6** All well site locations on the Uinta and Ouray Indian Reservation will have an appropriate signs. Signs will be neat and of sound construction. The signs will state:
 - 12.7.6.1** The name of the Operator.
 - 12.7.6.2** The lease serial number.
 - 12.7.6.3** The well name and number.
 - 12.7.6.4** The survey description of the well (either footages or the quarter/quarter section, the section, township, and range).


13.0 LEASEE'S OR OPERATOR'S REPRESENTATIVE & CERTIFICATION

Michael D. Robinson
Drilling Manager
Pioneer Oil Company, Inc.
Hwy 50 & Airport Road
RR 4 Box 142B
Lawrenceville, Illinois 62439

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Site-specific certification will be submitted with the site-specific APD.



Michael D. Robinson

10-3-06

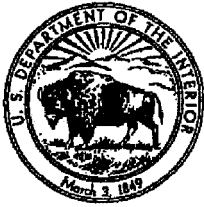
Date Original Signed

Attachment 1**EPA's LIST OF NONEXEMPT EXPLORATION AND PRODUCTION WASTES**

While the following wastes are nonexempt, they are not necessarily hazardous.

- X Unused fracturing fluids or acids
- X Gas plant cooling tower cleaning wastes
- X Painting wastes
- X Oil and gas service company wastes, such as empty drums, drum rinsate, vacuum truck rinsate, sandblast media, painting wastes, spent solvents, spilled chemicals, and waste acids
- X Vacuum truck and drum rinsate from trucks and drums, transporting or containing nonexempt waste
- X Refinery wastes
- X Liquid and solid wastes generated by crude oil and tank bottom reclaimers
- X Used equipment lubrication oils
- X Waste compressor oil, filters, and blowdown
- X Used hydraulic fluids
- X Waste solvents
- X Waste in transportation gas gathering line-related pits
- X Caustic or acid cleaners
- X Boiler cleaning wastes
- X Boiler refractory bricks
- X Incinerator ash
- X Laboratory wastes
- X Sanitary wastes
- X Pesticide wastes
- X Radioactive tracer wastes
- X Drums, insulation and miscellaneous solids

CHRONOLOGY



United States Department of the Interior

BUREAU OF INDIAN AFFAIRS

Uintah and Ouray Agency

P. O. Box 130

988 South 7500 East

Fort Duchesne, Utah 84026-0130

Phone: (435) 722-4300 Fax: (435) 722-2323

IN REPLY REFER TO:
Real Estate Services
MS 420 - ROW

October 10, 2007

Brian O'Hearn, SWCA Agent
Pioneer Oil Company, Inc.
Hwy 50 & Airport Road
R.R. #4, Box 142B
Lawrenceville, IL 62439-9513

Re: Pioneer Oil Company, Inc.'s Surface Use and Access Agreement, Contract No. 6SF0005643

Dear Mr. O'Hearn:

Please find the Ute Indian Tribe's approved copy of the Pioneer Oil Company, Inc. Surface Use and Access Agreement, Contract No. 6SF0005643.

A copy of this contract will also be hand delivered to the Ute Indian Tribe's Energy & Minerals Department.

If you have any questions, or if you require any additional information, please contact Bucky Secakuku, Realty Specialist, at (435) 722-4331.

Sincerely,

Acting Superintendent

cc: Agency/Branch Chrono
SUA File: 6SF0005643

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ATTACHMENT



United States Department of the Interior
BUREAU OF INDIAN AFFAIRS
Uintah & Ouray Agency
P.O. Box 130
988 South 7500 East
Fort Duchesne, Utah 84026



IN REPLY REFER TO:

Branch of Real Estate Services
MS 420

JAN 09 2008

Brian O'Hearn
Pioneer Oil Company, Inc.
c/o SWCA Environmental Consulting
Hwy 50 & Airport Rd, RR4, Box 142B
Lawrenceville, IL 62439-9513

Dear Mr. O'Hearn:

This is your authorization to proceed with construction of the following well site and the associated access road and pipeline corridors:

ROW No.	Well Name/No.	Section	Tw	Rng	ROW Type
H62-2008-073	Ute Tribal 1-7-9-20	7, 8, 17, 18, 20, 21, 27, 28, 34	T9S	R20E	WS/
		3	T10S	R20E	AR/PL

Attached is an original copy of the Grant of Easement for these rights-of-way, as well as a copy of the Environmental Analysis that was prepared at the Site Specific Onsite Inspection. The Tribal stipulations and concurrence signatures are listed on the back of this report.

Please contact the Ute Indian Tribe's Energy and Minerals office prior to construction to obtain an access permit. Also, retain this letter as your permit to construction on Tribal lands. **Please remind your field personnel of the firearm restrictions on the Uintah and Ouray Reservation.**

If you have any questions, or if you require any additional information, please contact Bucky Secakuku, Realty Specialist, at (435) 722-4331.

Sincerely,

Superintendent

Attachment(s)

cc: Director, Ute Indian Tribe Energy & Minerals
ROW File
Agency/Branch Chrono File

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GRANT OF EASEMENT FOR RIGHT-OF-WAY

ROW Serial No. H62-2008-073

TAAMS ID NO.: 6RW2008073

BIA TRANSACTION NO.: 687-13-00073-08

WELL SITE, ACCESS ROAD & PIPELINE CORRIDOR – Ute Tribal 1-7-9-20

Page 1 of 2

KNOW ALL MEN BY THESE PRESENTS:

That the **UNITED STATES OF AMERICA**, as trustee for UTE INDIAN TRIBE acting by and through the **Superintendent of the Uintah and Ouray Agency**, as "Grantor", under authority contained in 209 DM 8 (39 F.R. 32166), 10 BIAM 3 (34 F.R. 637) 230 DM 3 (20 F.R. 992) and Sec. 2.11 (34 F.R. 11109), pursuant and subject to the provisions of the Act of February 5, 1948 Stat. 17, (U.S.C. 323-328), and Part 169, Title 25, Code of Federal Regulations in consideration of:

ZERO, (\$0.00) – As per the terms and conditions contained in Pioneer Oil Company, Inc.'s Surface use and Access Agreement No. 6SF0005643, dated October 4, 2007, and Ute Tribe Resolution No. 07-212, dated August 7, 2007, which is acknowledged, does hereby grant to:

Pioneer Oil Company, Inc., Hwy 50 & Airport Road, RR#4, Box 142B, Lawrenceville, IL 62439-9513

Its successors and assignees hereinafter referred to as "Grantee" an easement for right-of-way.

In accordance with the attached proposal survey plat: **For the Ute Tribal 1-7-9-20**

G.L.O. Plat No. 48592 & 23027-A & 23027-B, all dated 10/31/2007 for Sections 7, 8, 17, 20, 21, 27, 28, 34, Township 9 South, Range 20 East; and Section 3, Township 10 South, Range 20 East, S.L.B.&M. for the following:

- Well Site:** Located in the NW/4SE/4 of Section 7, being 3.750 acres, m/l,
- Access Road:** Located in the W/2SE/4, SE/4SE/4 of Section 7; and the NE/4NE/4 of Section 18, being 2,159.66' in length, and 30' in width, and 1.487 acres, m/l,
- Pipeline:** Two (2) surface poly lines ranging in sizes from one to six inches (1"-6") and one (1) three inch (3") buried steel pipeline located in the W/2SE/4, SE/4SE/4 of Section 7-T9S-R20E; and the W/2SW/4, NE/4SW/4, SE/4NW/4, S/2NE/4, E/2SE/4 of Section 8-T9S-R20E; and the N/2NE/4, SW/4NE/4, W/2SE/4 of Section 17-T9S-R20E; and the N/2NE/4, SE/4NE/4 of Section 20-T9S-R20E; and the SW/4NW/4, N/2SW/4, W/2SE/4 of Section 21-T9S-R20E; and the NW/4NE/4, E/2E/2 of Section 28-T9S-R20E; and the SW/4SW/4 of Section 27-T9S-R20E; and the W/2W/2, SE/4SW/4 of Section 34-T9S-R20E; and the NE/4NW/4 of Section 3-T10S-R20E, being 37,592.88' in length, and 30' in width, and 25.890 acres, m/l,
- Total ROW acreage 31.127, m/l**

Within the exterior boundaries of the Uintah & Ouray Reservation for the following purposes namely: The construction, maintenance, repair, inspection, protection, operation and removal of the **Ute Tribal 1-7-9-20** together with the necessary appurtenances thereto, on, over and across the land embraced within the right-of-way located in Uintah County, Utah.

TO HAVE AND TO HOLD said easement and right-of-way unto the Grantee and unto its successors and assigns, together with prior existing right or adverse claim and is for the length of **TWENTY (20) YEARS**, beginning **January 4, 2008**, so long as easement shall actually be used for the purposes above specified. Consideration may be increased at five (5) year intervals if necessary to reflect the existing market prices.

This right-of-way shall be terminable in whole or in part by the grantor for any of the following causes upon 30 days' written notice and failure to the Grantee within said notice period to correct the basis of termination (25 CFR 169.20)


- A. Failure to comply with any term or condition of the grant or applicable regulations.
- B. A nonuse of the right-of-way for a consecutive two-year period for the purpose for which it was granted.
- C. An abandonment of the right-of-way. Failure of the Grantee to file with the Grantor an Affidavit of Completion pursuant to 25 CFR 169.16; Upon completion of construction, or in any case within two years of date of this easement granted in the case construction does not begin or is completed.

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The conditions of this easement shall extend to and be binding upon and shall insure to the benefit of the successors and assignees of the Grantee. It has been determined that approval of this document is not such a major federal action significantly affecting the quality of the human environment as to require the preparation of an environmental impact statement under Section 102 (2)(c) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332) (2) (c).

IN WITNESS WHEREOF, Grantor has executed this Grant of Easement for Right-of-Way this 9 day of January, 2008 pursuant to authority delegated to the Assistant Secretary – Indian Affairs by 209 DM 8, 230 DM 1, and to the Western Regional Director by 3 IAM 4 (Release No. 99-03), and to the Superintendent/Field Representatives by 10 BIAM 11, as amended by Western Regional Release No. 97-1 and any further delegation needed to effectuate the reorganization embodied in DM Releases dated April, 2003.

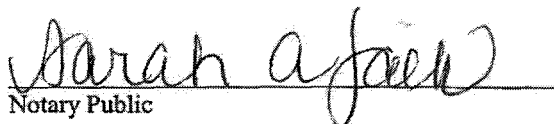
UNITED STATES OF AMERICA
U.S. Department of the Interior
Uintah & Ouray Agency
Fort Duchesne, UT 84026

By: 
Superintendent

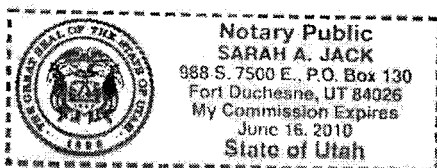
ACKNOWLEDGEMENT OF SUPERINTENDENT

STATE OF UTAH)
)ss
COUNTY OF UINTAH)

The foregoing instrument was acknowledged before me this 9th day of January, 2008, by Daniel C. Picard, Superintendent for the Bureau of Indian Affairs, Uintah & Ouray Agency.
Witness my hand and official seal.


Notary Public

My Commission Expires: 06-16-2010







Pioneer Oil Company, Inc.
Producer of Petroleum

Hwy 50 & Airport Road
R.R. #4, Box 142B

Home Office - Lawrenceville, IL 62439
Phone: (618) 943-5314
Fax: (618) 943-5523

December 12, 2006

Re: Authority to execute documents

To Whom It May Concern:

Pioneer Oil Company, Inc. hereby recognized Mr. Brian O'Hearn of SWCA to execute any needed documents pertaining to the leasing, permitting, etc of leases held in conjunction with Chadco in the state of Utah. Any questions regarding this should be directed to Maria Doades, Office Manager at 618-943-5314 or by email at mdoades@pioneeroil.net.

Sincerely,



Donald E. Jones, Jr.
President

DEJ/md

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FEB 27 2008

DIV. OF OIL, GAS & MINING



Pioneer Oil Company, Inc.
Producer of Petroleum

Hwy 50 & Airport Road
R.R. #4, Box 142B

Home Office - Lawrenceville, IL 62439
Phone: (618) 943-5314
Fax: (618) 943-5523

August 23, 2007

United States Department of the Interior
Bureau of Indian Affairs
Uintah and Ouray Agency
PO Box 130
988 South 7500 East
Fort Duchesne, UT 84026-0130

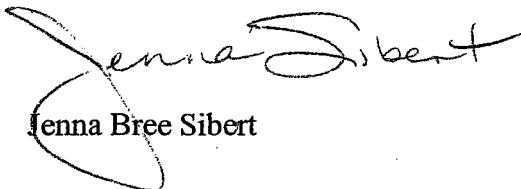
Subject: Corporate Requirements

To Whom It May Concern:

This letter shall serve as a formal statement that no changes have been made to the Pioneer Oil Company, Inc. corporate requirements for the year. To complete our company requirements, the "Evidence of Authority of Officers" and the "BIA Corporate Questionnaire Form" are also enclosed.

If you have any questions, please call our office at (618) 943-5314 or e-mail me at jsibert@pioneeroil.net.

Sincerely,


Jenna Bree Sibert

RECEIVED
FEB 27 2008
DIV. OF OIL, GAS & MINING



LEGEND:

— EXISTING ROAD
 - - - - - PROPOSED ACCESS ROAD

PIONEER OIL COMPANY, INC.

UTE TRIBAL #1-7-9-20
 SECTION 7, T9S, R20E, S.L.B.&M.
 1868' FSL 1808' FEL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813



TOPOGRAPHIC
 MAP

09 24 07
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





LEGEND:

- | | |
|-------------------|-------------------------|
| ⊗ DISPOSAL WELLS | ⊗ WATER WELLS |
| ● PRODUCING WELLS | ⊗ ABANDONED WELLS |
| ⊗ SHUT IN WELLS | ⊗ TEMPORARILY ABANDONED |

PIONEER OIL COMPANY, INC.

UTE TRIBAL #1-7-9-20
 SECTION 7, T9S, R20E, S.L.B.&M.
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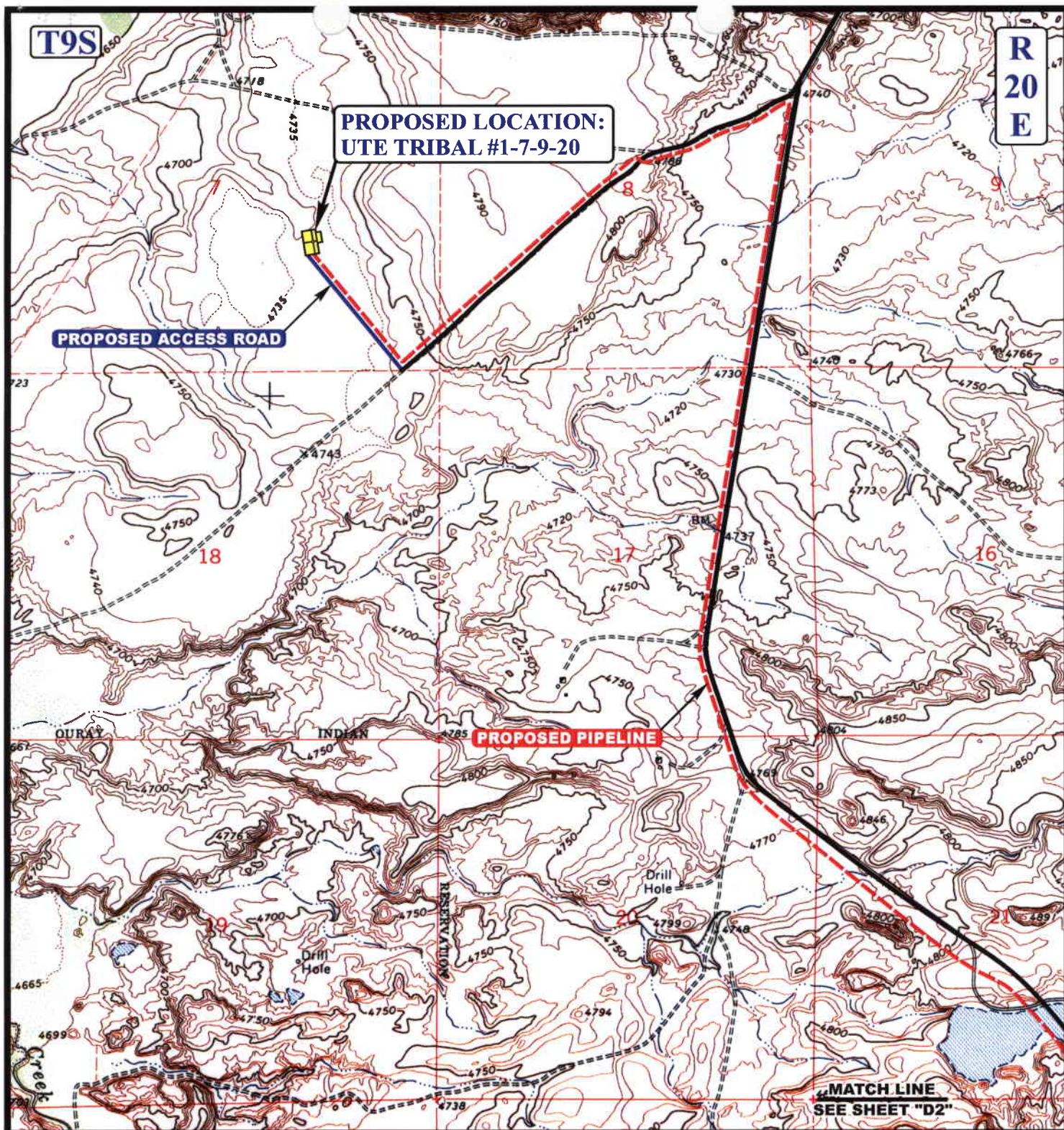


TOPOGRAPHIC
 MAP

09 24 07
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 37,592' +/-

LEGEND:

PROPOSED ACCESS ROAD
PROPOSED PIPELINE

PIONEER OIL COMPANY, INC.

UTE TRIBAL #1-7-9-20
SECTION 7, T9S, R20E, S.L.B.&M.
1868' FSL 1808' FEL



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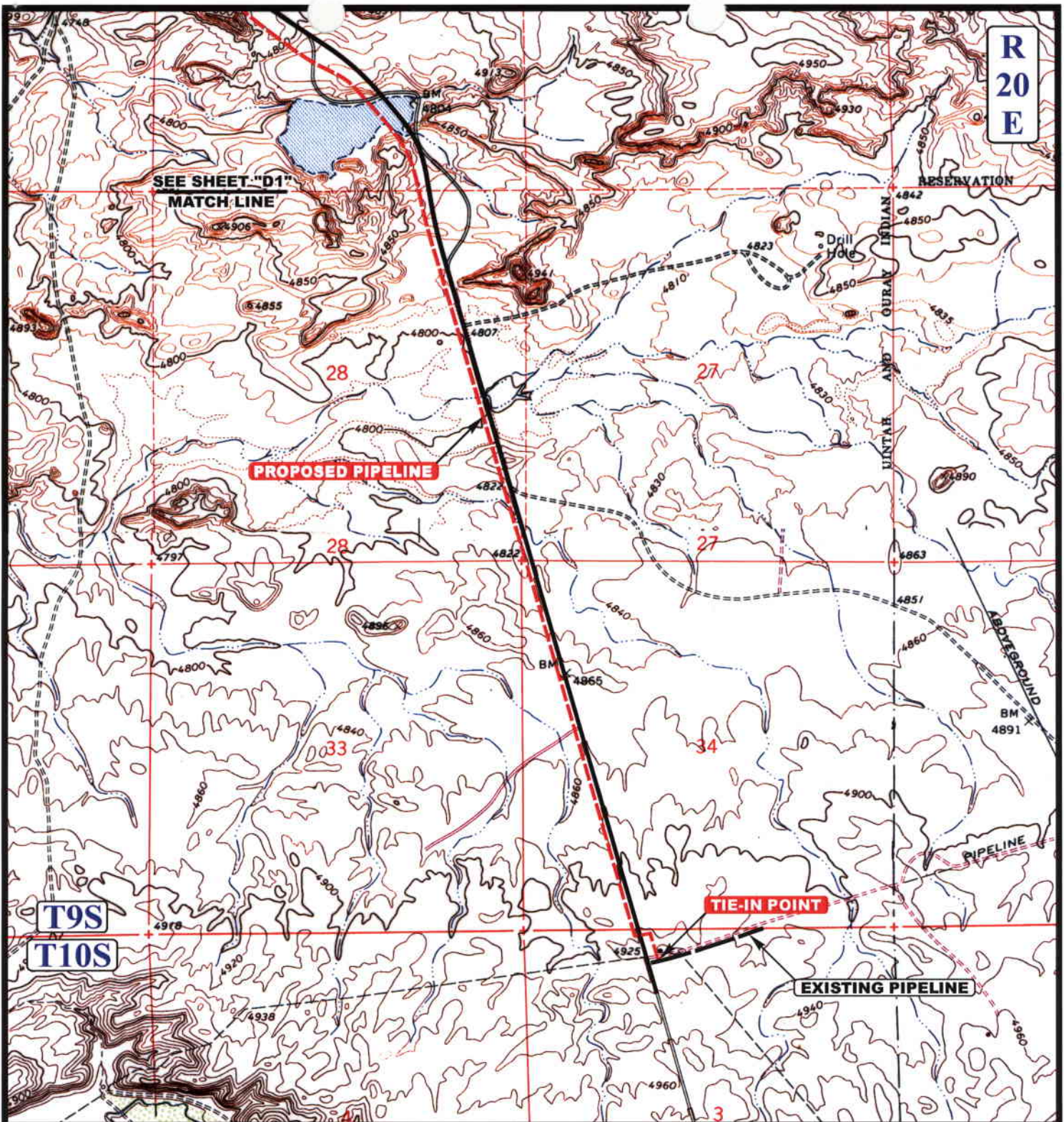


**TOPOGRAPHIC
MAP**

09 24 07
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 10-26-07

**D1
TOPO**



APPROXIMATE TOTAL PIPELINE DISTANCE = 37,592' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- EXISTING PIPELINE
- PROPOSED PIPELINE

PIONEER OIL COMPANY, INC.

**UTE TRIBAL #1-7-9-20
SECTION 7, T9S, R20E, S.L.B.&M.
1868' FSL 1808' FEL**



Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813



**TOPOGRAPHIC
MAP**

10 26 07
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

**D2
TOPO**

PIONEER OIL COMPANY, INC.

UTE TRIBAL #1-7-9-20

LOCATED IN UINTAH COUNTY, UTAH

SECTION 7, T9S, R20E, S.L.B.&M.

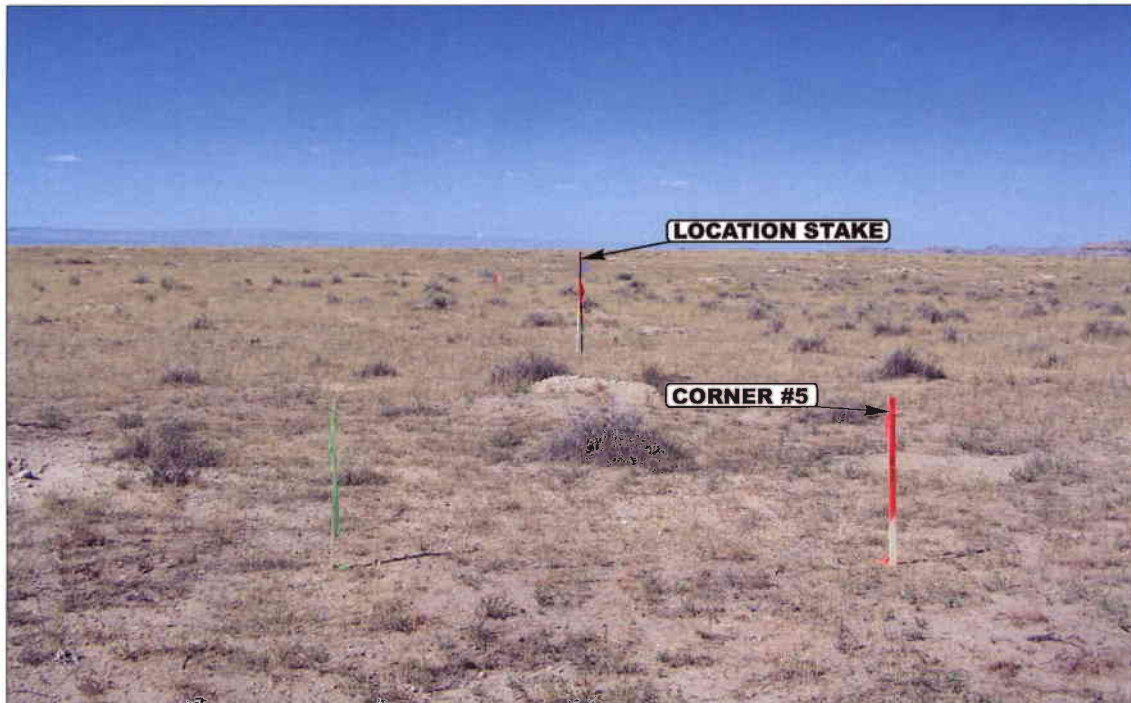


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: WESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHWESTERLY



- Since 1964 -

Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

09 24 07
MONTH DAY YEAR

PHOTO

TAKEN BY: B.B.

DRAWN BY: C.P.

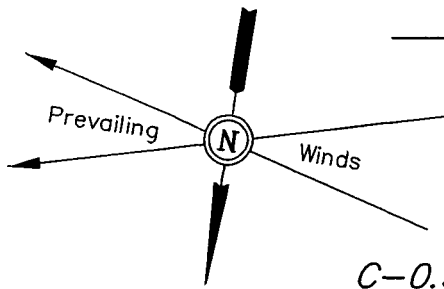
REVISED: 00-00-00

PIONEER OIL COMPANY, INC.

FIGURE #1

LOCATION LAYOUT FOR

UTE TRIBAL #1-7-9-20
SECTION 7, T9S, R20E, S.L.B.&M.
1868' FSL 1808' FEL



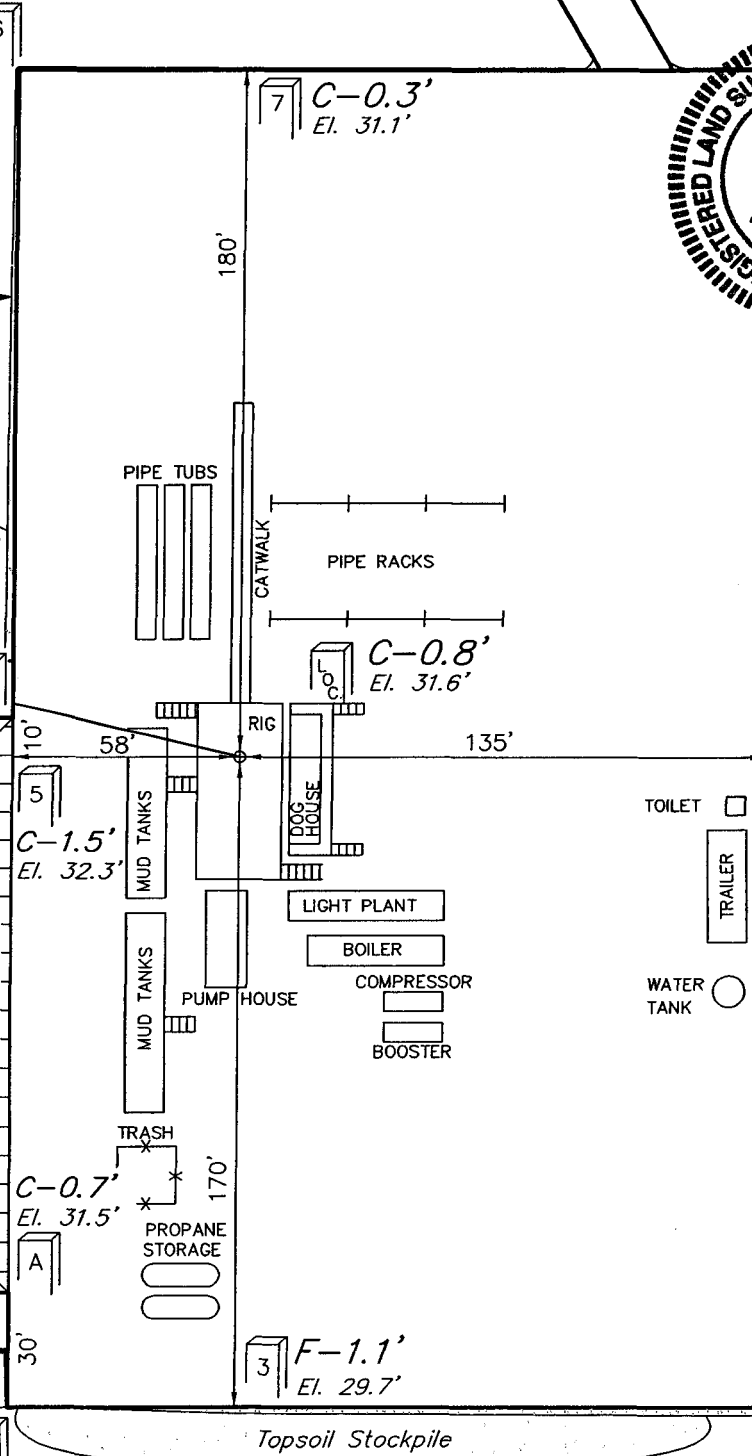
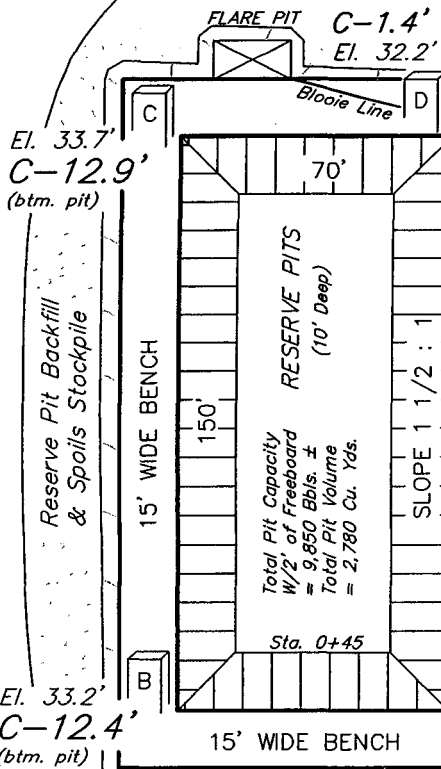
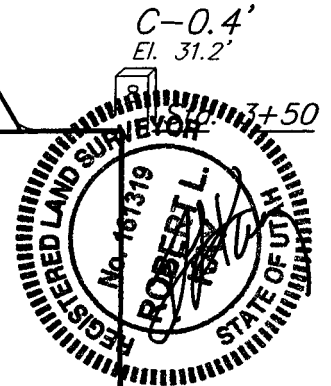
SCALE: 1" = 50'
DATE: 10-31-07
Drawn By: P.M.

Proposed Access Road

Approx.
Top of
Cut Slope

NOTE:

Flare Pit is to be located
a min. of 100' from the
Well Head.



Approx.
Toe of
Fill Slope

NOTES:

Elev. Ungraded Ground At Loc. Stake = 4731.6'
FINISHED GRADE ELEV. AT LOC. STAKE = 4730.8'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

PIONEER OIL COMPANY, INC.

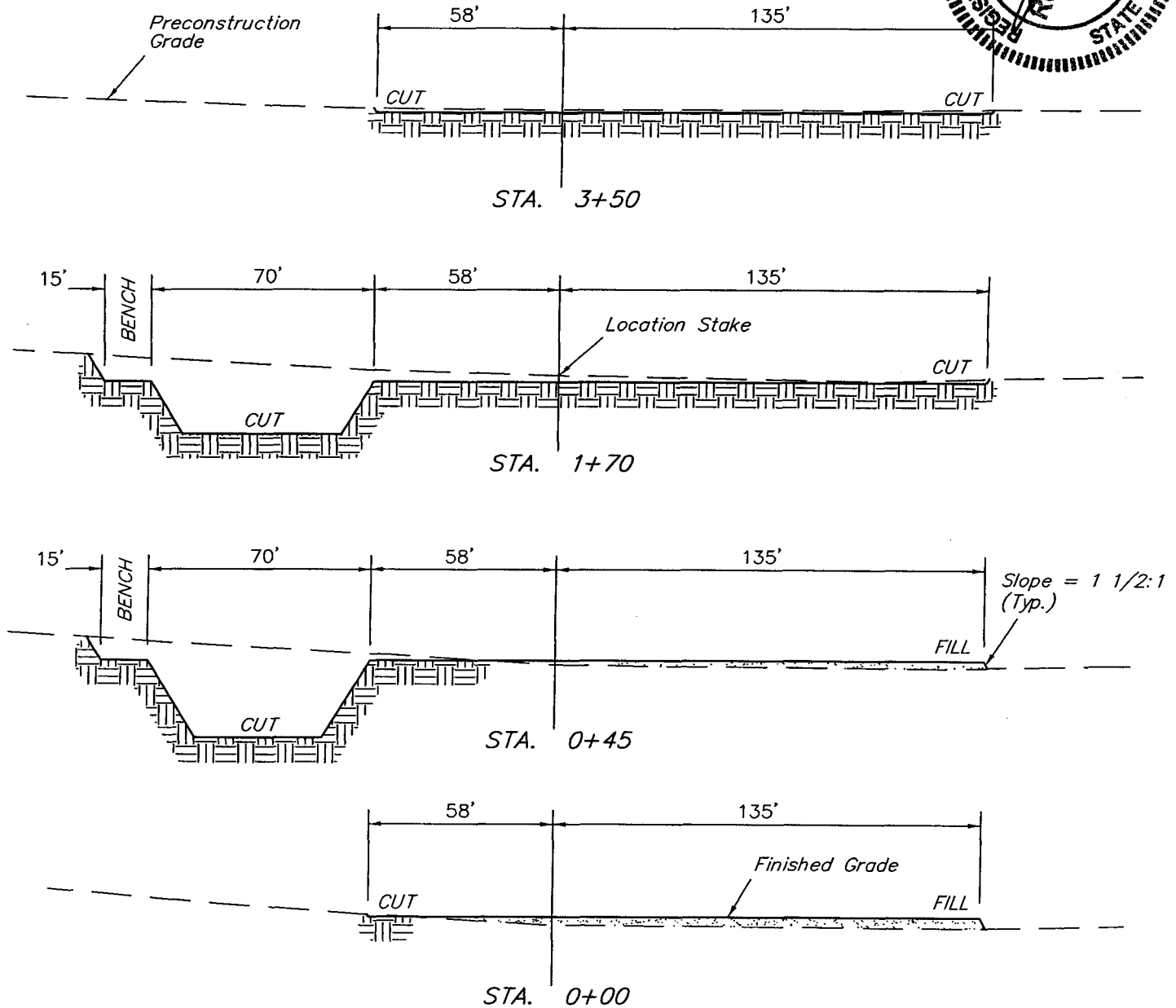
FIGURE #2

TYPICAL CROSS SECTIONS FOR
UTE TRIBAL #1-7-9-20
SECTION 7, T9S, R20E, S.L.B.&M.
1868' FSL 1808' FEL



1" = 20'
X-Section
Scale
1" = 50'

DATE: 10-31-07
Drawn By: P.M.



NOTE:

Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

* NOTE:

FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT

(12") Topsoil Stripping = 3,220 Cu. Yds.
Remaining Location = 3,510 Cu. Yds.

TOTAL CUT = 6,730 CU.YDS.

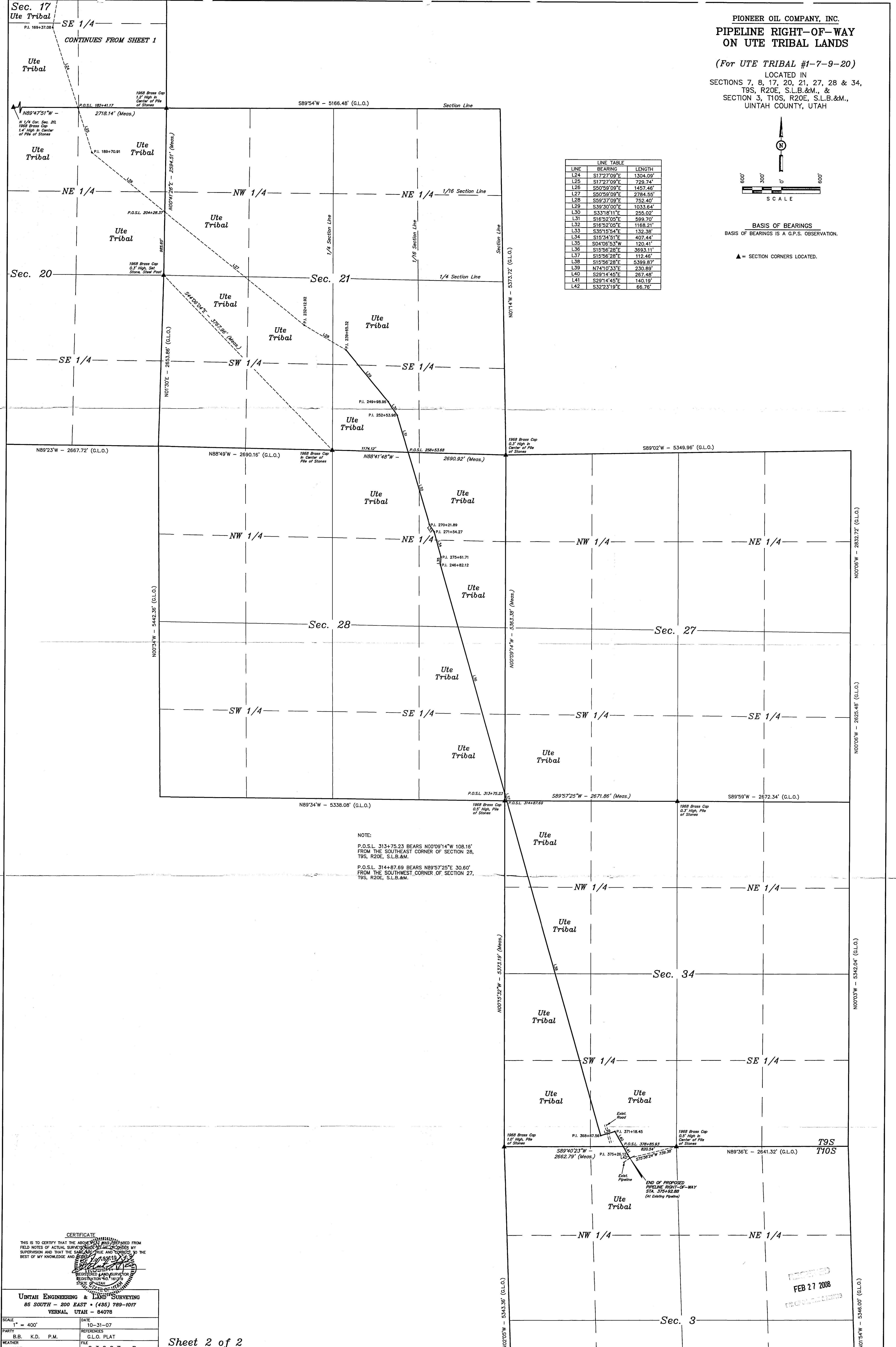
FILL = 2,120 CU.YDS.

EXCESS MATERIAL = 4,610 Cu. Yds.

Topsoil & Pit Backfill = 4,610 Cu. Yds.
(1/2 Pit Vol.)

EXCESS UNBALANCE = 0 Cu. Yds.
(After Interim Rehabilitation)

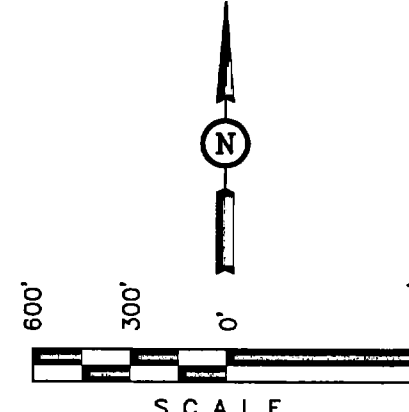
UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



PIONEER OIL COMPANY, INC.
PIPELINE RIGHT-OF-WAY
ON UTE TRIBAL LANDS

(For UTE TRIBAL #1-7-9-20)

LOCATED IN
SECTIONS 7, 8, 17, 20, 21, 27, 28 & 34,
T9S, R20E, S.L.B.&M., &
SECTION 3, T10S, R20E, S.L.B.&M.,
UINTAH COUNTY, UTAH



BASIS OF BEARINGS
BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

▲ = SECTION CORNERS LOCATED.

LINE TABLE		
LINE	BEARING	LENGTH
L24	S172°09'E	1304.09'
L25	S172°09'E	729.74'
L26	S50°59'09"E	1457.46'
L27	S50°59'09"E	2784.55'
L28	S59°37'09"E	752.40'
L29	S39°30'00"E	1033.64'
L30	S33°18'11"E	255.02'
L31	S16°52'05"E	599.70'
L32	S16°52'05"E	1188.21'
L33	S35°15'54"E	132.38'
L34	S15°34'51"E	407.44'
L35	S04°06'53"W	120.41'
L36	S15°56'28"E	3693.11'
L37	S15°56'28"E	112.46'
L38	S15°56'28"E	5399.87'
L39	N74°10'33"E	230.89'
L40	S29°14'45"E	267.48'
L41	S29°14'45"E	140.19'
L42	S32°23'19"E	66.76'

NOTE:
P.O.S.L. 313+75.23 BEARS N00°09'14"W 108.16'
FROM THE SOUTHEAST CORNER OF SECTION 28,
T9S, R20E, S.L.B.&M.
P.O.S.L. 314+87.69 BEARS N89°57'25"E 30.60'
FROM THE SOUTHWEST CORNER OF SECTION 27,
T9S, R20E, S.L.B.&M.

CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE WAS PREPARED FROM
FIELD NOTES OF ACTUAL SURVEY MADE BY ME, OR UNDER MY
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR
STATE OF UTAH
REGISTRATION NO. 161376
DATE OF EXPIRATION 12/31/15

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH - 200 EAST • (435) 789-1017
VERNAL, UTAH - 84078

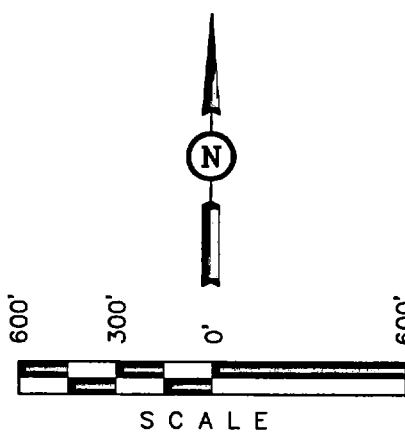
SCALE	DATE
1" = 400'	10-31-07
PARTY	REFERENCES
B.B. K.D. P.M.	G.L.O. PLAT
WEATHER	FILE
HOT	2 3 0 2 7 - B

RECEIVED
FEB 27 2008
ENGINEERING DEPARTMENT

PIONEER OIL COMPANY, INC.
PIPELINE RIGHT-OF-WAY
ON UTE TRIBAL LANDS

(For UTE TRIBAL #1-7-9-20)

LOCATED IN
SECTIONS 7, 8, 17, 20, 21, 27, 28 & 34,
T9S, R20E, S.L.B.&M., &
SECTION 3, T10S, R20E, S.L.B.&M.,
UINTAH COUNTY, UTAH



BASIS OF BEARINGS
BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

LINE TABLE		
LINE	BEARING	LENGTH
L1	S39°09'38"E	2132.51'
L2	N48°55'57"E	684.65'
L3	N48°55'57"E	403.28'
L4	N43°49'37"E	487.36'
L5	N48°22'49"E	227.10'
L6	N49°01'12"E	487.90'
L7	N47°21'26"E	909.56'
L8	N48°55'57"E	564.28'
L9	N52°44'42"E	596.36'
L10	S41°16'05"E	74.95'
L11	N44°07'02"E	255.16'
L12	N64°30'54"E	176.70'
L13	N78°14'11"E	530.84'
L14	N63°41'12"E	691.88'
L15	N61°38'29"E	573.35'
L16	N79°59'47"E	96.74'
L17	S60°58'57"E	108.82'
L18	S13°31'53"W	436.63'
L19	S09°25'25"W	1199.07'
L20	S02°26'52"W	355.93'
L21	S05°41'23"W	131.10'
L22	S09°09'13"W	1665.02'
L23	S09°09'13"W	4147.89'
L24	S17°27'09"E	1304.09'
L25	S17°27'09"E	729.74'
L26	S50°59'09"E	1457.46'
L27	S50°59'09"E	2784.55'
L28	S59°37'09"E	752.40'

RIGHT-OF-WAY LENGTHS			
PROPERTY OWNER	FEET	ACRES	RODS
UTE TRIBAL	37592.88	25.890	2278.36

▲ = SECTION CORNERS LOCATED.

PIPELINE RIGHT-OF-WAY DESCRIPTION

A 30' WIDE RIGHT-OF-WAY 15' ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE.

BEGINNING AT A POINT IN THE NW 1/4 SE 1/4 OF SECTION 7, T9S, R20E, S.L.B.&M., WHICH BEARS N18°41'22"W 1741.70' FROM THE SOUTHEAST CORNER OF THE SW 1/4 SE 1/4 OF SAID SECTION 7, THENCE S39°09'38"E 2132.51'; THENCE N48°55'57"E 684.65' TO A POINT ON THE EAST LINE OF THE SE 1/4 SE 1/4 OF SAID SECTION 7, WHICH BEARS N01°12'05"W 475.03' FROM THE SOUTHEAST CORNER OF SAID SECTION 7, THENCE N48°55'57"E 403.28'; THENCE N43°49'37"E 487.36'; THENCE N46°22'49"E 227.10'; THENCE N49°01'12"E 487.90'; THENCE N47°21'26"E 909.56'; THENCE N48°55'57"E 564.28'; THENCE N52°44'42"E 596.36'; THENCE S41°16'05"E 74.95'; THENCE N44°07'02"E 255.16'; THENCE N64°30'54"E 176.70'; THENCE N78°14'11"E 530.84'; THENCE N63°41'12"E 691.88'; THENCE N61°38'29"E 573.35'; THENCE N79°59'47"E 96.74'; THENCE S60°58'57"E 108.82'; THENCE S13°31'53"W 436.63'; THENCE S09°25'25"W 1199.07'; THENCE S02°26'52"W 355.93'; THENCE S05°41'23"W 131.10'; THENCE S09°09'13"W 1665.02' TO A POINT ON THE SOUTH LINE OF THE SE 1/4 SE 1/4 OF SECTION 8, T9S, R20E, S.L.B.&M., WHICH BEARS S89°32'42"W 952.09' FROM THE SOUTHEAST CORNER OF SAID SECTION 8, THENCE S09°09'13"W 4147.89'; THENCE S17°27'09"E 1304.09' TO A POINT ON THE SOUTH LINE OF THE SW 1/4 SE 1/4 OF SECTION 17, T9S, R20E, S.L.B.&M., WHICH BEARS S89°47'51"E 1347.45' FROM THE SOUTH 1/4 CORNER OF SAID SECTION 17, THENCE S17°27'09"E 729.74'; THENCE S50°59'09"E 1457.46' TO A POINT ON THE EAST LINE OF THE SE 1/4 NE 1/4 OF SECTION 20, T9S, R20E, S.L.B.&M., WHICH BEARS N00°41'26"E 985.60' FROM THE EAST 1/4 CORNER OF SAID SECTION 20, THENCE S50°59'09"E 2784.55'; THENCE S59°37'09"E 752.40'; THENCE S39°30'00"E 1033.64'; THENCE S33°18'11"E 255.02'; THENCE S15°52'05"E 599.70' TO A POINT ON THE SOUTH LINE OF THE SW 1/4 SE 1/4 OF SECTION 21, T9S, R20E, S.L.B.&M., WHICH BEARS S88°41'48"E 1174.12' FROM THE SOUTH 1/4 CORNER OF SAID SECTION 21, THENCE S16°52'05"E 1168.21'; THENCE S33°15'54"E 132.38'; THENCE S10°34'51"E 407.44'; THENCE S04°00'53"W 120.41'; THENCE S15°56'28"E 3693.11' TO A POINT ON THE EAST LINE OF THE SE 1/4 SE 1/4 OF SECTION 28, T9S, R20E, S.L.B.&M., WHICH BEARS N00°09'14"W 108.16' FROM THE SOUTHEAST CORNER OF SAID SECTION 28, THENCE S15°56'28"E 112.46' TO A POINT ON THE SOUTH LINE OF THE SW 1/4 SW 1/4 OF SECTION 27, T9S, R20E, S.L.B.&M., WHICH BEARS N89°57'25"E 30.60' FROM THE SOUTHWEST CORNER OF SAID SECTION 27, THENCE S15°56'28"E 5399.87'; THENCE N74°10'33"E 230.89'; THENCE S29°14'45"E 267.48' TO A POINT ON THE SOUTH LINE OF THE SE 1/4 SW 1/4 OF SECTION 24, T9S, R20E, S.L.B.&M., WHICH BEARS S89°40'23"W 820.54' FROM THE SOUTH 1/4 CORNER OF SAID SECTION 34, THENCE S29°14'45"E 140.19'; THENCE S32°23'19"E 66.76' TO A POINT IN THE NE 1/4 NW 1/4 OF SECTION 3, T10S, R20E, S.L.B.&M., WHICH BEARS S75°38'24"W 739.38' FROM THE NORTH 1/4 CORNER OF SAID SECTION 3. THE SIDE LINES OF SAID DESCRIBED RIGHT-OF-WAY BEING SHORTENED OR ELONGATED TO MEET THE GRANTOR'S PROPERTY LINES. BASIS OF BEARINGS IS A G.P.S. OBSERVATION. CONTAINS 25.890 ACRES MORE OR LESS.

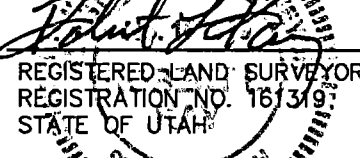
TOTAL PIPELINE RIGHT-OF-WAY ON UTE TRIBAL LANDS

TOTAL LENGTH OF RIGHT-OF-WAY IS 37592.88' OR 7.120 MILES. WIDTH OF RIGHT-OF-WAY IS 30' (15 PERPENDICULAR ON EACH SIDE OF THE CENTERLINE). CONTAINS 25.890 ACRES MORE OR LESS.

ENGINEER'S AFFIDAVIT

STATE OF UTAH }
COUNTY OF UTAH } SS

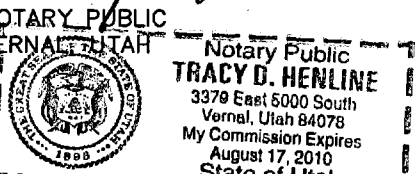
ROBERT L. KAY, BEING FIRST DULY SWORN DEPOSES AND STATES THAT HE IS THE REGISTERED LAND SURVEYOR, FOR PIONEER OIL COMPANY, INC. THAT THESE SURVEYS WERE MADE BY HIM (OR UNDER HIS SUPERVISION), THAT HE HAS EXAMINED THE FIELD NOTES OF THE SURVEYS OF THE PIPELINE RIGHT-OF-WAY AS DESCRIBED AND SHOWN ON THIS MAP, THAT THIS MAP WAS PREPARED UNDER HIS DIRECTION FROM SAID FIELD NOTES, AND THAT SAID RIGHT-OF-WAY, 7.120 MILES IN LENGTH BEGINNING AND ENDING AS SHOWN ON THIS MAP, IS ACCURATELY REPRESENTED.



ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN BEFORE ME THIS 2 DAY OF Nov 2007.

MY COMMISSION EXPIRES Aug 17, 2010

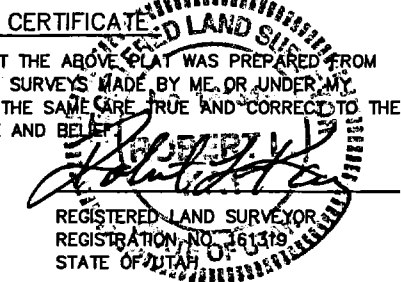


APPLICANT'S CERTIFICATE

I, DO HEREBY CERTIFY THAT I AM THE AGENT FOR PIONEER OIL COMPANY, INC., HEREINAFTER DESIGNATED THE APPLICANT, THAT ROBERT L. KAY WHO SUBSCRIBED TO THE FOREGOING AFFIDAVIT, IS EMPLOYED BY THE APPLICANT AS A LAND SURVEYOR AND THAT HE WAS DIRECTED BY THE APPLICANT TO SURVEY THE LOCATION OF THIS PIPELINE RIGHT-OF-WAY, 7.120 MILES IN LENGTH BEGINNING AT STA. 0+00 AND ENDING AT STA. 375+92.88, THAT SAID PIPELINE RIGHT-OF-WAY IS ACCURATELY REPRESENTED ON THIS MAP, THAT SUCH SURVEY AS REPRESENTED ON THIS MAP HAS BEEN ADOPTED BY THE APPLICANT AS THE DEFINITE LOCATION OF THE RIGHT-OF-WAY THEREBY SHOWN; AND THAT THE MAP HAS BEEN PREPARED TO BE FILED WITH THE SECRETARY OF THE INTERIOR OR HIS DULY AUTHORIZED REPRESENTATIVE AS PART OF THE APPLICATION FOR SAID RIGHT-OF-WAY TO BE GRANTED THE APPLICANT, ITS SUCCESSORS AND ASSIGNS, WITH THE RIGHT TO CONSTRUCT, MAINTAIN, AND REPAIR IMPROVEMENTS, THEREON AND THEREOVER, FOR SUCH PURPOSES, AND WITH THE FURTHER RIGHT IN THE APPLICANT, ITS SUCCESSORS AND ASSIGNS TO TRANSFER THIS RIGHT-OF-WAY BY ASSIGNMENT, GRANT, OR OTHERWISE.

APPLICANT

TITLE



UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH - 200 EAST • (435) 789-1017
VERNAL, UTAH - 84078

SCALE: 1" = 400'
DATE: 10-31-07
PARTY: B.B. K.D. P.M.
WEATHER: HOT
FILE: 23027-A

RECORDED
FEB 27 2008

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: UTU-027041	6. SURFACE: Indian
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME: Ute Tribe	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Pioneer Oil Co. Inc.				9. WELL NAME and NUMBER: Ute tribal1-7-9-20	
3. ADDRESS OF OPERATOR: RR#4 Box142B CITY Lawrenceville STATE IL ZIP 62439			PHONE NUMBER: (618) 943-5314		
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1868'FSL 1808' FEL 610362X 40.047691 AT PROPOSED PRODUCING ZONE: same 4433642Y -109.706246				10. FIELD AND POOL, OR WILDCAT: WILDCAT <i>Nature</i> <i>Bush</i> 11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSE 7 9S 20E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: approximately 4miles from Ouray , Utah				12. COUNTY: Uintah	
				13. STATE: UTAH	
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 1868'FSL 1808' FEL		16. NUMBER OF ACRES IN LEASE: 474.74		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) approximately 1380'		19. PROPOSED DEPTH: 12,500		20. BOND DESCRIPTION: #958	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 4730.8' Grade Elevation		22. APPROXIMATE DATE WORK WILL START: 3/30/2008		23. ESTIMATED DURATION: 20-50 Days	

24.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
17 1/2	13 3/8 H-40 48.0#/FT	45	Class "G" Cement + 2# 50 sks 1.18
12 1/4	8 5/8 J-55 36.0#/FT	3,500	Class "G" Cement + 2# 275sks 1.63
7 7/8	4 1/2 P-110 13.5#/FT	12,500	Class "G" Cement + 1# 480 sks 3.05

25.

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- | | |
|--|--|
| <input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER | <input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER |
|--|--|

NAME (PLEASE PRINT) BRIAN C. O'HEARN TITLE BIOLOGIST SWCA ENVIR. Consultants.
 SIGNATURE Brian C. O'Hearn DATE 28 FEB 2008

(This space for State use only)

**Approved by the
Utah Division of
Oil, Gas and Mining**

API NUMBER ASSIGNED: 43-047-39958

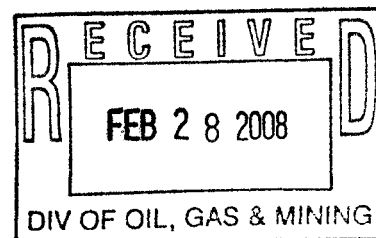
APPROVAL:

Date: 03-05-06

By: [Signature]
(See Instructions on Reverse Side)

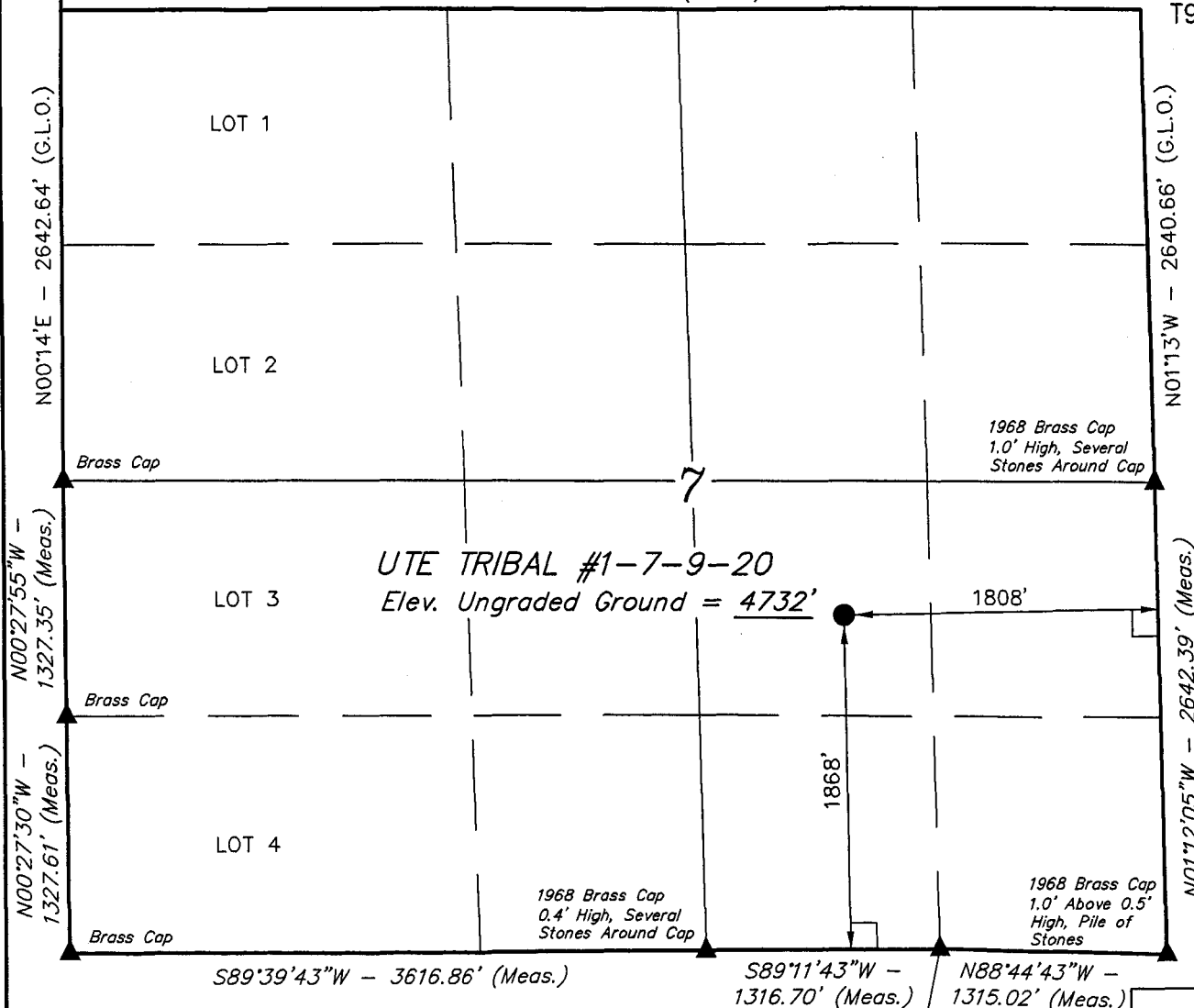
(11/2001)

**Federal Approval of this
Action is Necessary**



R 19 E T9S, R20E, S.L.B.&M.

N89°55'W - 6151.86' (G.L.O.)



PIONEER OIL COMPANY, INC.

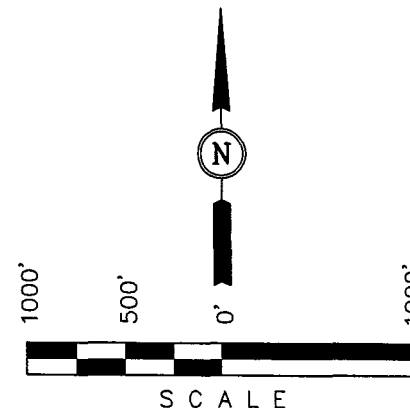
Well location, UTE TRIBAL #1-7-9-20, located as shown in the NW 1/4 SE 1/4 of Section 7, T9S, R20E, S.L.B.&M., Uintah County, Utah.

BASIS OF ELEVATION

SPOT ELEVATION AT THE SW 1/4 OF SECTION 7, T9S, R20E, S.L.B.&M., TAKEN FROM THE OURAY QUADRANGLE, UTAH, UTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION IS MARKED AS BEING 4723 FEET.

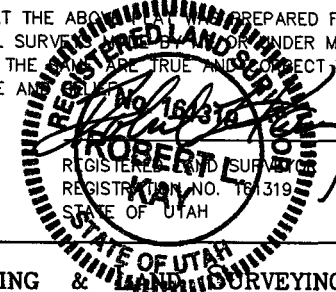
BASIS OF BEARINGS

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PREPARED FROM FIELD NOTES OF ACTUAL SURVEY AND UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



UINTAH ENGINEERING & SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

LEGEND:

- └─┘ = 90° SYMBOL
- = PROPOSED WELL HEAD.
- ▲ = SECTION CORNERS LOCATED.

(NAD 83)
LATITUDE = 40°02'52.12" (40.047811)
LONGITUDE = 109°42'25.14" (109.706983)
(NAD 27)
LATITUDE = 40°02'52.25" (40.047847)
LONGITUDE = 109°42'22.64" (109.706289)

SCALE 1" = 1000'	DATE SURVEYED: 09-18-07	DATE DRAWN: 10-31-07
PARTY B.B. K.D. P.M.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE PIONEER OIL COMPANY, INC.	



Pioneer Oil Company, Inc.
Producer of Petroleum

Hwy. 50 & Airport Road
R.R. #4, Box 142B

Home Office - Lawrenceville, IL 62439
Phone: (618) 943-5314
Fax: (618) 943-5523

Proposed Drilling Plan for the Ute Tribal 1-7-9-20

February 28, 2008

Owner Operator: Pioneer Oil Company Incorporated
County: Uintah
State: Utah
Well Name & Number: Ute Tribal 1-7-9-20
Legal Description: NESE Section 7 – T9S – R20E
1868 FSL – 1808 FEL
Closest Town: Ouray, Utah
API Number:
Projected Depth: 12,500 feet “TVD”
Wellbore Deviated: Vertical
Projected Formation: Mesaverde
Acre Spacing: 80 Acres
Acres in Lease: 1600 Acres
Drilling for: Gas
Estimated BHST: 230 degrees F

Direction to location for Ouray, Utah

Head South on SR 88 for approximately 2.7 miles turn SE (right) on first unpaved road (Uintah county road “lower willow creek road”) head SE for approximately 1.3 miles to location on the NW side of the road.

Timing of Drilling Phase

We are projecting drilling to begin the Spring or Summer of 2008 with the drilling to be completed by the late Summer of 2008.

Single Well Drilling Bond

A multiple well blanket bond of \$120,000 will has been submitted in favor of State of Utah in compliance with R649-3-1.6.2. Form 4 will be completed and submitted to the Utah Division of Oil & Gas and Mining.

Well Identification

In compliance with R649-3-5 a sign identifying the well will be placed at the well site with the required information.

Pioneer Oil Company, Inc
Drilling Program
Ouray, Utah

Drill Site Diagram

Attached is the diagram of the well site with placement of the equipment on the well site in relation to the reserve pit. **“Attachment A”**

Well Control & Drilling Fluids

Primary well control will begin with the drilling mud having the uniform rheologies and density to maintain consistent hydrostatic pressures. The driller of each tour will be responsible to insure viscosity and density are checked and documented twice per shift and prior to bit trips.

Adjustments to the mud system will be completed under the direction of a professional mud company representative. While not drilling, during bit trips, etc., the hole will be kept full at all times. Once drilling under surface casing, drilling fluid density will be maintained between 9.5 & 10.5 lbs per gallon. This will provide pressure gradients of 0.4940 and 0.5460 psi per foot respectively.

Secondary well control will utilize blowout prevention equipment. BOPE will be installed on the 8 5/8” Surface Casing and tested prior to drilling the casing shoe.

The BOPE will consist of:

Hydril GK-12-900 13 5/8” 5,000 PSI Annular BOP
Shaffer Type E 13 5/8” 5,000 PSI Double BOP w/ 4 1/2” Pipe & CSO Rams
24 “ x 13 5/8” 5,000 PSI Drilling Spool w/ (2) 3” Outlets
NL Shaffer 3 Station 80 Gallon Accumulator, Triplex Pump Electric Motor
Kooney 5 Station Remote Closing Unit
3,000 PSI 2” Choke Manifold

Testing of the BOPE will consist of pressuring the blind ram and pipe rams to their working pressure and tested to 70% of the minimum internal yield pressure of the casing prior to drilling surface casing shoe. Additional testing will be preformed in compliance with R649-3-7. All testing will be documented on the driller’s log. A diagram of the BOPE is attached.

“Attachment B”

Reporting of Undesirable Events

The Division shall be notified of all fires, leaks, breaks, spills, blowouts, and/or any other undesirable events that may occur at the Well Site as per R649-3-32

Drill Cutting Samples

Drill cutting samples will be collected, cleaned, dried and stored in standard oilfield sample envelopes. There will be two each, 15 milliliter sets of samples collected at each point. Samples will be collected at 5 or 10 feet intervals or as prescribed by the Utah Division of Oil, Gas and Mining.

Pioneer Oil Company, Inc
Drilling Program
Ouray, Utah

Estimated Tops & Anticipated Oil , Gas, & Water Zones

Fresh water may exist in the upper +/- 1000 feet of the Green River Formation, with top at about +/-2000 feet.

Cement isolation is installed to surface of the well isolating all zones by cement.

Formation	TVD (ft)	Objective	Lithology	
Green River	1,742	Primary	Sandstone	Gas/Oil
Wasatch	5,292	Primary	Sandstone	Gas
Mesaverde	8,320	Primary	Sandstone	Gas
TD	12,500			

Estimated TD: 12,500 feet

Anticipated BHP: 4600 psi

Inclination Survey

This well will be vertically drilled well bore with projected Total Depth (TD) of 12,500 feet. Surveys to determine inclination from vertical will begin at 500 feet from surface and will continue to be checked and documented every 1000 feet until TD. The inclination will not be greater than 200 feet off True Vertical Depth in compliance with R649-3-2

Drill Stem Testing

Drill Stem Testing may be required on some zones to determine reservoir pressure and characteristics. Testing will be conducted on as needed bases.

Logging

Once total depth of the well is reached a series of logs will be ran. At a minimum they will include a Dual Induction, Litho Density with Sonic, Gamma Ray, Compensated Neutron, and Micro Log. Additional logging tools may be required for evaluation of the reservoirs. Copies of the logs ran will be submitted to the Utah Division of Oil, Gas and Mining along with Form 8, Well Completion or Re-completion Report and Log. R649-3-21.

Gas Detection

The rig will be equipped with gas monitors to detect the presence of Natural Gas. We do not anticipate H2S gas while drilling.

Pioneer Oil Company, Inc
Drilling Program
Ouray, Utah

Proposed Casing Data

Casing	Hole Size	Length	Size	Weight	Grade	Thread	Rating Collapse	Burst Factor	Tensile
Conductor	17 1/2"	0-45'	13 3/8"	48.0 #/ft	H-40	STC	770 psi	1730 psi	322,000 #
Surface	12 1/4"	45' -3500'	8 5/8"	36.0 #/ft	J-55	STC	3450 psi	4460 psi	394,000 #
Production	7 7/8"	3500 - TD	4 1/2"	13.5 #/ft	P-110	LTC	10670 psi	12410 psi	338000 #

Cementing Schedules

"Attachment C & C1" shows the well bore diagram and lists the cement properties and data for each system.

Conductor: Estimated 45 feet of 13 3/8" 45# Casing in a 17 1/2" open hole

Tail Slurry: +/- 50 sks Class "G" Cement + 3% CaCl₂ + 0.25#/sk Cellophane Flake

Surface Casing: Estimated 3500 feet of 8 5/8" 32# Casing in a 12 1/4" open hole

Lead Slurry: 390 sks 35/65 POZ/G + 6% Bentonite + 1% CaCl₂ + 0.25#/sk Cellophane flake.
Volume based on 700 ft of fill-up and includes + 50% excess above gauge hole.

Tail Slurry: 275 sacks Class "G" Cement + 2% CaCl₂ + 1/4 #/sk Cellophane Flake
Volume based on 300 ft of fill-up and includes + 50% excess above gauge hole

Top Out/Grout Surface:

In the event the lead will fall back at surface, we will grout to surface through 50 feet of 1" tubing using 50 sacks of Class G Cement

Production Casing: Projected 12,500 feet of 4 1/2" 13.5#/ft Casing in a 7 7/8" open hole

Lead Slurry: 480 sks of Class "G" Cement + 12 % Bentonite + 1% Disodium Metasilicate + 3% Salt + 1% Dispersant + 0.6 % Flac
Volume based on 4,500 ft of fill-up (7,000 ft up to 2,500 ft) and includes 50% excess above gauge hole.

Tail Slurry:

Volume based on 5,500 ft of fill-up (12,500 ft up to 7,000 ft) and includes 50% excess above gauge hole.

Actual cement volumes will be calculated from the caliper log with an additional 10% added.

Pressure Test Casing

Pioneer Oil Company, Inc
Drilling Program
Ouray, Utah

Once the production liner is cemented in place and prior to perforating the first producing interval, the casing will be tested and documented in compliance with R649-3-13

Cement Bond Log

Prior to perforating the first zone in the well, a cement bond log will be run to evaluate the quality and integrative of the cement throughout the well bore.

Well Testing

A stabilized production test shall be completed on each of the producing interval in compliance with R649-3-19. The results will be submitted to the Division within 15 days of completion.

MSDS Available

There will be Material Safety Data Sheets available at the drill site for all drilling fluid chemicals.

Oil & Gas Well Water Supply Well

Water for drilling the subject well would come from the Johnson Water District (Water Right 43-10136), Neil Moon Pond (Water Right 43-11787) or Maurice Harvey Pond (Water Right 47-1358). Water would be hauled by a licensed trucking company. A water supply well will not be drilled to supply water for drilling operation.

Plug and Abandon Oil & Gas Well

In the event the well is the Plugged and abandoned, a notice of intent will be submitted on Form DOGM-5 to the Utah Division of Oil, Gas and Mines and a procedure agreed upon prior to plugging. It will be plugged in compliance with R649-2-24. Advanced notification will also be given to the Vernal BLM office.

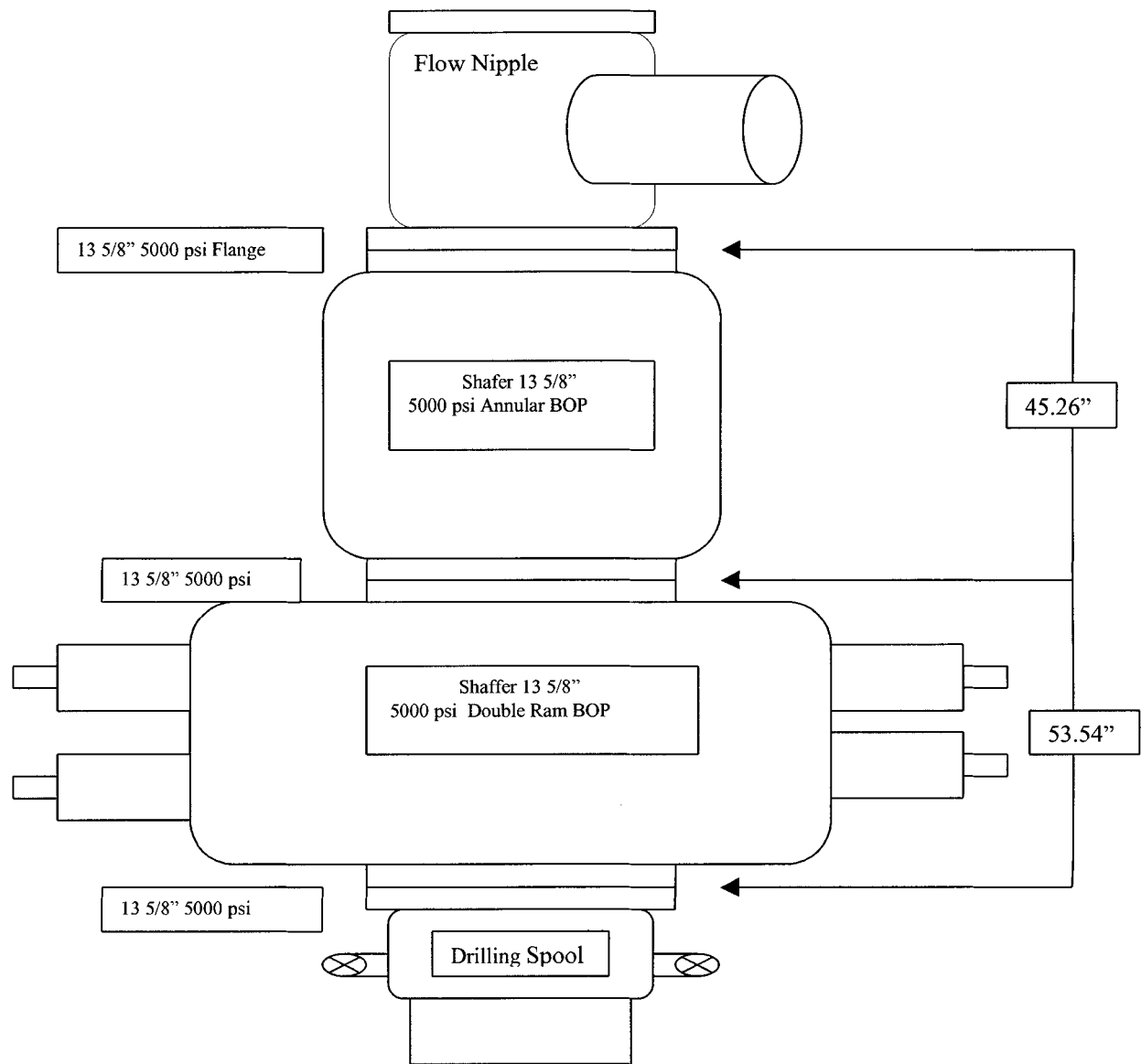
All debris left on the drill site will be placed into the reserve pit and covered with dirt. The Well Site will be restored to meet the BIA's requirements in compliance to R649-3-34.

A Marker of Abandonment, if well is abandoned, will be place on the well noting the required information in compliance with R649-3-24.

Mike Robinson
Drilling Manager
Pioneer Oil Company Inc.
(618) 943-5314

Pioneer Oil Company, Inc
Drilling Program
Ouray, Utah

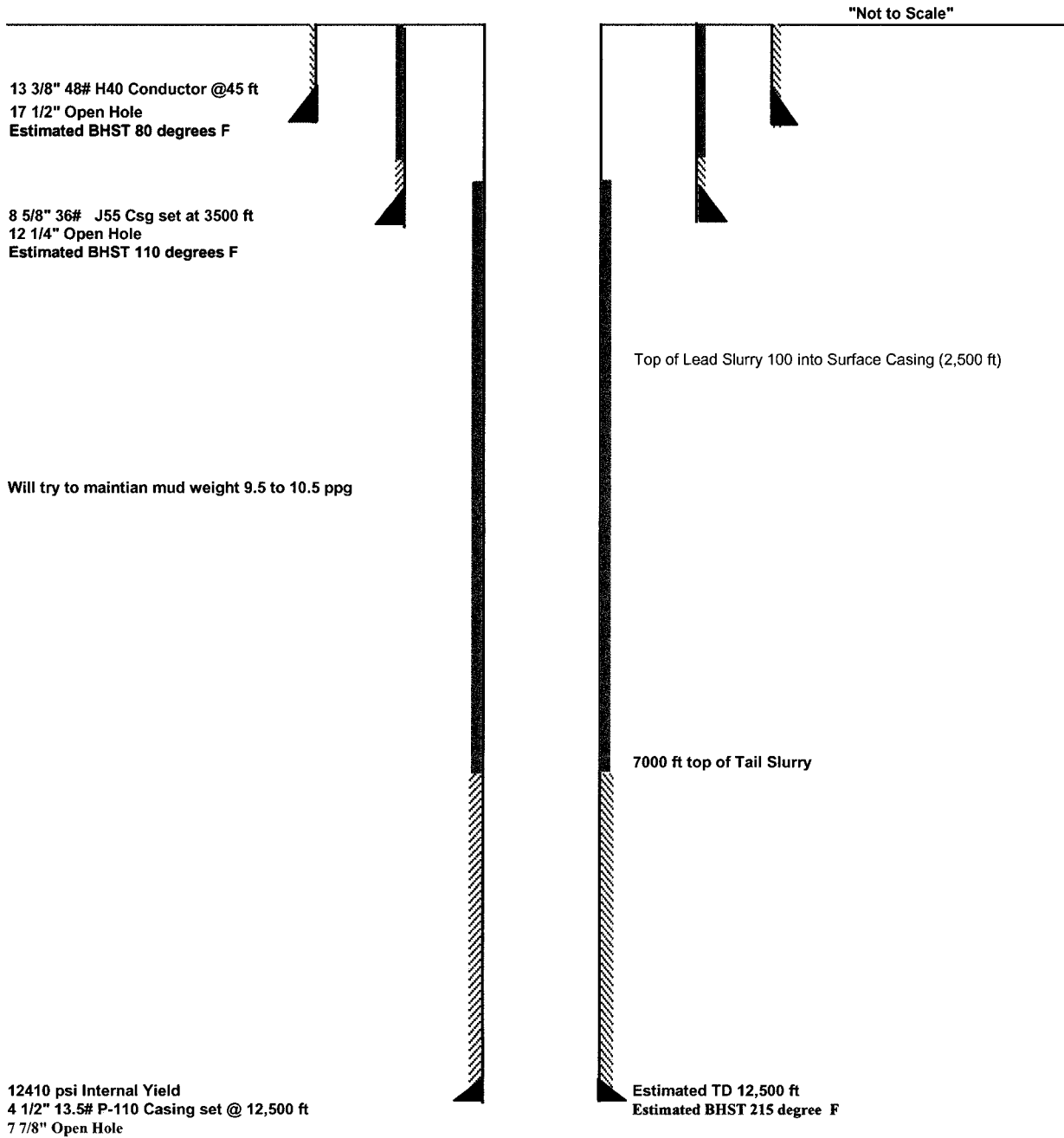
BOP Equipment Attachment "B"



ATTACHMENT "C"

WELLBORE SCHEMATIC

FIELD: Willow Creek	COUNTY: Uintah	API WELL NO.:
WELL: Ute Tribal 1-7-9-20	STATE: Utah	KB: DATE SPUDDED:
OPERATOR: Pioneer Oil Company, Inc	STATUS:	GL: COMPLETED:
SEC: 7 TWP: 9S RGE: 20E	KB ELE:	BY: Mike Robinson



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/28/2008

API NO. ASSIGNED: 43-047-39958

WELL NAME: UTE TRIBAL 1-7-9-20

OPERATOR: PIONEER OIL & GAS (N3025)

PHONE NUMBER: 618-943-5314

CONTACT: BRIAN OHEARN

PROPOSED LOCATION:

NWSE 07 090S 200E

SURFACE: 1868 FSL 1808 FEL

BOTTOM: 1868 FSL 1808 FEL

COUNTY: UINTAH

LATITUDE: 40.04769 LONGITUDE: -109.7063

UTM SURF EASTINGS: 610362 NORTHINGS: 4433642

FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LEASE TYPE: 2 - Indian

LEASE NUMBER: UTU-027041

SURFACE OWNER: 2 - Indian

PROPOSED FORMATION: MVRD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[] Ind[2] Sta[] Fee[]
(No. 958)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 43-11787)
☒ RDCC Review (Y/N)
(Date:)
☒ Fee Surf Agreement (Y/N)
☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.
Unit: ___
☒ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
___ R649-3-3. Exception
___ Drilling Unit
Board Cause No: ___
Eff Date: ___
Siting: ___
___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: _____

1- Eader Approval
2- Spacing Wbr
3- Oil SHALE

UNCA TOM 6 34

5

T9S R19E T9S R20E

NATURAL BUTTES FIELD

7

UTE TRIBAL 1-7-9-20

PENNY 16-7

OPERATOR: PIONEER OIL & CO (N3020)

SEC: 7 T.9S R. 20E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

SPACING: R649-3-2 / GENERAL SITING

Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Wells Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL
- DRILLING



OIL, GAS & MINING



PREPARED BY: DIANA MASON
DATE: 04-MARCH-2008



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil Gas and Mining

JOHN R. BAZA
Division Director

March 5, 2008

Pioneer Oil Company, Inc.
RR#4, Box 142B
Lawrenceville, IL 62439

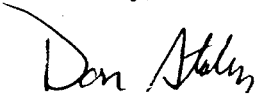
Re: Ute Tribal 1-7-9-20 Well, 1868' FSL, 1808' FEL, NW SE, Sec. 7, T. 9 South, R. 20 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-39958.

Sincerely,


for Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal Office



Operator: Pioneer Oil Company, Inc.
Well Name & Number Ute Tribal 1-7-9-20
API Number: 43-047-39958
Lease: UTU-027041

Location: NW SE Sec. 7 T. 9 South R. 20 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division with 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dustin Doucet at (801) 538-5281 office (801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

6. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.

4006m

Form 3160-3
(April 2004)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

NOV 5 2007

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU--027041
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name UTE Tribe
2. Name of Operator Pioneer Oil Co. Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address RR#4 BOX 142B Lawrenceville, IL 62439	3b. Phone No. (include area code) 618-943-5314	8. Lease Name and Well No. Ute Tribal 1-7-T9S-R20E 1-7-9-20
4. Location of Well (Report location clearly and in accordance with any State requirements.) At surface 1-7-T9S-R20E At proposed prod. zone Same as above		9. API Well No. 43 047 39958
10. Field and Pool, or Exploratory Exploratory		11. Sec., T. R. M. or Blk. and Survey or Area NW/SE, Sec 7, T9S R 20 E SLC
12. County or Parish Uintah		13. State UT
14. Distance in miles and direction from nearest town or post office* Approximately 4 miles from Ouray, Utah		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1860 FROM SL 1806 FROM EL	16. No. of acres in lease 474.74	17. Spacing Unit dedicated to this well 40 ACRES
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. PENDING	19. Proposed Depth 10,800-13,500	20. BLM/BIA Bond No. on file #958
21. Elevations (Show whether DF, KDB, RT, GL, etc.) PENDING	22. Approximate date work will start* UPON APPROVAL	23. Estimated duration 20-50 DAYS

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature 	Name (Printed Typed) BRIAN C. O'HEARN	Date 05/06/2007
Title PROJECT MANAGER/BIOLOGIST (SIGNED FOR PIONEER OIL CO. INC)		
Approved by (Signature) 	Name (Printed Typed) TERRY KENCZKA	Date 3-7-2008
Title Assistant Field Manager Lands & Mineral Resources VERNAL FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

NOTICE OF APPROVAL

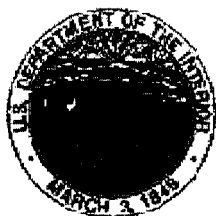
CONDITIONS OF APPROVAL ATTACHED

RECEIVED

MAR 17 2008

DIV. OF OIL, GAS & MINING

NOV 10/24/07
08PPD102A

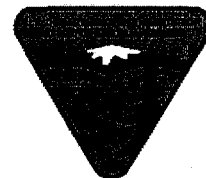


UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Pioneer Oil Company, Inc.
Well No: Pioneer 1-7-9-20
API No: 43-047-39958

Location: NWSE, Sec. 7, T9S, R20E
Lease No: UTU-027041
Agreement: N/A

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	James Ashley	(435) 781-4470	(435) 828-7874
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
NRS/Enviro Scientist:	Karl Wright	(435) 781-4484	(435) 828-7381
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	
NRS/Enviro Scientist:		(435) 781-4476	
NRS/Enviro Scientist:	Chuck MacDonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Michael Cutler	(435) 781-3401	(435) 828-3546
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	(435) 828-3548
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	(435) 828-3547
NRS/Enviro Scientist:	Darren Williams	(435) 781-4447	
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	(435) 828-3545

Fax: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

**SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

General Surface COAs:

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

Specific Surface COAs:

- A 30 foot corridor right-of-way shall be approved. Upon completion of each pipeline in corridor, they shall be identified and filed with the Ute Tribe.
- A qualified Archaeologist accompanied by a Tribal Technician will monitor trenching construction of pipeline.
- The Ute Tribe Energy & Minerals Department is to be notified, in writing 48 hours prior to construction of pipeline.
- Construction Notice shall be given to the department on the Ute Tribe workdays, which are Monday through Thursday. The Company understands that they may be responsible for costs incurred by the Ute Tribe after hours.
- The Company shall inform contractors to maintain construction of pipelines within the approved ROW's.
- The Company shall assure the Ute Tribe that "ALL CONTRACTORS, INCLUDING SUB-CONTRACTORS, LEASING CONTRACTORS, AND ETC." have acquired a current and valid Ute Tribal Business License and have "Access Permits" prior to construction, and will have these permits in all vehicles at all times.
- You are hereby notified that working under the "umbrella" of a company does not allow you to be in the field, and can be subject to those fines of the Ute Tribe Severance Tax Ordinance.
- Any deviation of submitted APD's and ROW applications the Companies will notify the Ute Tribe and BIA in writing and will receive written authorization of any such change with appropriate authorization.
- The Company will implement "Safety and Emergency Plan." The Company's safety director will ensure its compliance.
- All Company employees and/or authorized personnel (sub-contractors) in the field will have approved applicable APD's and/or ROW permits/authorizations on their person(s) during all phases of construction.

- All vehicular traffic, personnel movement, construction/restoration operations should be confined to the area examined and approved, and to the existing roadways and/or evaluated access routes.
- All personnel should refrain from collecting artifacts, any paleontological fossils, and from disturbing any significant cultural resources in the area.
- The personnel from the Ute Tribe Energy & Minerals Department should be notified should cultural remains from subsurface deposits be exposed or identified during construction. All construction will cease.
- All mitigative stipulations contained in the Bureau of Indian Affairs Site Specific Environmental Assessment (EA) will be strictly adhered.
- Upon completion of Application for Corridor Right-Way, the company will notify the Ute Tribe Energy & Minerals Department, so that a Tribal Technician can verify Affidavit of Completion.
- There will need to be consultation with the current Grazing Lease holder for further stipulations.
- Noxious weeds will be controlled and maintained while construction is taking place. There will also be need to do constant monitoring and maintenance on the noxious weeds within the ROW corridor and well site location to prevent further spreading.
- If construction is going to take place within March 15 – August 15, it is required that a burrowing owl survey take place.
- BLM Stipulation – wind road as much as possible within the 30' corridor to minimize soil erosion and water build up.
- Consult with the Uintah County Roads Department for their specifications on road encroachment and burrowing under their ROW.
- Consult with the Uintah Basin Field Services/Three Rivers Pipeline Company, c/o Questar Gas Management (Brent Searle (435) 781-4383) for proper instructions on where the proposed pipeline needs to be connected to the Three Rivers Pipeline.
- Equipment will be required to be painted Carlsbad Canyon.
- For any other additional stipulations, see concurrence letter.

DOWNHOLE CONDITIONS OF APPROVAL

SITE SPECIFIC DOWNHOLE CONDITIONS OF APPROVAL

Fld is Exploratory

- None

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**
- The operator must report all shows of water or water-bearing sands to the BLM. If flowing water is encountered it must be sampled, analyzed, and a copy of the analyses submitted to the BLM Vernal Field Office.
- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.

- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- Chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
- There shall be no deviation from the proposed drilling, completion, and/or workover program as approved. Safe drilling and operating practices must be observed. Any changes in operation must have prior approval from the BLM Vernal Field Office.

OPERATING REQUIREMENT REMINDERS:

- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location (¼¼, Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid,

and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/en/fo/vernal/html>



IN REPLY REFER TO:

3160

UT08300

CERTIFIED MAIL

RETURN RECEIPT REQUESTED 7006 2760 0000 6357 9583

August 14, 2008

43-047-39958

Pioneer Oil Company, Inc.

Attn: Michael Robinson

Hwy 50 & Airport Road

RR 4, Box 142B

Lawrenceville, IL 62439

Re: Rescind APD Approval

Ut Trind Pioneer #1-7-9-20
NWSE, Sec. 7, T9S, R20E
Uintah County, Utah
Lease No. UTU-27041

Dear Mr. Robinson:

The Application for Permit to Drill (APD) for the above-referenced well, the Pioneer #1-7-9-20, was approved by our office on March 7, 2008. A subsequent review of our records revealed that Pioneer Oil Company, Inc. does not have a BLM bond to cover the operations for this well. This was verified with Connie Seare, Land Law Examiner for BLM bonds, in the BLM Utah State Office located in Salt Lake City, UT.

In view of the foregoing, the approval of the APD is rescinded effective the date of this correspondence due to the lack of bond coverage. Pioneer Oil Company, Inc. has 45 days from receipt of this decision to obtain a BLM bond or provide documentation that a bond has been submitted to our Utah State Office for approval. If a bond is not in place within 45 days, or if documentation has not been provided that a bond has been submitted for approval, your APD will be returned to you.

Pioneer Oil Company, Inc. has the right to protest this decision as per the requirements of 43 CFR 3165.3(b). If you have any questions in this matter, please contact me at phone number (435) 781-4440.

Sincerely,

Jerry Kenczka

Assistant Field Manager

Lands & Minerals Resources

RECEIVED

AUG 19 2008

DIV. OF OIL, GAS & MINING

Enclosure

cc: UDOGM

RECEIVED
VERNAL FIELD OFFICE

FORM APPROVED
OMB No. 1004-0137
Expires March 31, 2007

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
NOV 5 2007

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-- 92 7041
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name UTE Tribe
2. Name of Operator Pioneer Oil Co. Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address RR#4 BOX 142B Lawrenceville, IL 62439	3b. Phone No. (include area code) 618-943-5314	8. Lease Name and Well No. 1-7-T9S-R20E
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1-7-T9S-R20E At proposed prod. zone Same as above		9. API Well No.
10. Field and Pool, or Exploratory Exploratory		11. Sec., T. R. M. or Blk. and Survey or Area NW/SE, Sec 7, T9S R 20 E SLC
14. Distance in miles and direction from nearest town or post office* Approximately 4 miles from Ouray, Utah		12. County or Parish Uintah
13. State UT		
15. Distance from proposed* location to nearest property or lease line, ft. (Also to nearest drig. unit line, if any) 1860 FROM SL 1806 FROM EL	16. No. of acres in lease 474.74	17. Spacing Unit dedicated to this well 40 ACRES
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. PENDING	19. Proposed Depth 10,800-13,500	20. BLM/BIA Bond No. on file #958
21. Elevations (Show whether DF, KDB, RT, GL, etc.) PENDING	22. Approximate date work will start* UPON APPROVAL	23. Estimated duration 20-50 DAYS
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, shall be attached to this form:

- Well plat certified by a registered surveyor.
- A Drilling Plan.
- A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).
- Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
- Operator certification
- Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature <i>Brian C O'Hearn</i>	Name (Printed/Typed) BRIAN C. O'HEARN	Date 05/06/2007
Title PROJECT MANAGER/BIOLOGIST (SIGNED FOR PIONEER OIL CO. INC)		
Approved by (Signature) <i>Terry Kenzka</i>	Name (Printed/Typed) TERRY KENZKA	Date 3-7-2008
Title Assistant Field Manager Lands & Mineral Resources		
Office VERNAL FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on page 2)

NOTICE OF APPROVAL

CONDITIONS OF APPROVAL ATTACHED

NOS 10/24/07
NRPPD 102A



UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT
VERNAL FIELD OFFICE

170 South 500 East

VERNAL, UT 84078

(435) 781-4400



CONDITIONS OF APPROVAL FOR APPLICATION FOR PERMIT TO DRILL

Company: Pioneer Oil Company, Inc.
Well No: Ute Tribal 1-7-9-20
API No: 43-047-39958

Location: NWSE, Sec. 7, T9S, R20E
Lease No: UTU-27041
Agreement: N/A

Title	Name	Office Phone Number	Cell Phone Number
Petroleum Engineer:	Matt Baker	(435) 781-4490	(435) 828-4470
Petroleum Engineer:	Michael Lee	(435) 781-4432	(435) 828-7875
Petroleum Engineer:	Ryan Angus	(435) 781-4430	(435) 828-7368
Supervisory Petroleum Technician:	Jamie Sparger	(435) 781-4502	(435) 828-3913
Supervisory NRS:	Karl Wright	(435) 781-4484	
NRS/Enviro Scientist:	Holly Villa	(435) 781-4404	(435) 828-3544
NRS/Enviro Scientist:	James Hereford	(435) 781-3412	(435) 828-3546
NRS/Enviro Scientist:	Chuck Macdonald	(435) 781-4441	(435) 828-7481
NRS/Enviro Scientist:	Dan Emmett	(435) 781-3414	(435) 828-4029
NRS/Enviro Scientist:	Paul Percival	(435) 781-4493	(435) 828-7381
NRS/Enviro Scientist:	Anna Figueroa	(435) 781-3407	(435) 828-3548
NRS/Enviro Scientist:	Verlyn Pindell	(435) 781-3402	(435) 828-3547
NRS/Enviro Scientist:	Nathan Packer	(435) 781-3405	(435) 828-3545
NRS/Enviro Scientist:	David Gordon	(435) 781-4424	

Fax: (435) 781-3420

**A COPY OF THESE CONDITIONS SHALL BE FURNISHED TO YOUR
FIELD REPRESENTATIVE TO INSURE COMPLIANCE**

All lease and/or unit operations are to be conducted in such a manner that full compliance is made with the applicable laws, regulations (43 CFR Part 3160), and this approved Application for Permit to Drill including Surface and Downhole Conditions of Approval. The operator is considered fully responsible for the actions of his subcontractors. A copy of the approved APD must be on location during construction, drilling, and completion operations. **This permit is approved for a two (2) year period, or until lease expiration, whichever occurs first. An additional extension, up to two (2) years, may be applied for by sundry notice prior to expiration.**

NOTIFICATION REQUIREMENTS

Location Construction (Notify Environmental Scientist)	-	Forty-Eight (48) hours prior to construction of location and access roads.
Location Completion (Notify Environmental Scientist)	-	Prior to moving on the drilling rig.
Spud Notice (Notify Petroleum Engineer)	-	Twenty-Four (24) hours prior to spudding the well.
Casing String & Cementing (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to running casing and cementing all casing strings.
BOP & Related Equipment Tests (Notify Supv. Petroleum Tech.)	-	Twenty-Four (24) hours prior to initiating pressure tests.
First Production Notice (Notify Petroleum Engineer)	-	Within Five (5) business days after new well begins or production resumes after well has been off production for more than ninety (90) days.

**SURFACE USE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

- If there is an active Gilsonite mining operation within 2 miles of the well location, operator shall notify the Gilsonite operator at least 48 hours prior to any blasting during construction.
- If paleontological materials are uncovered during construction, the operator is to immediately stop work and contact the Authorized Officer (AO). A determination will be made by the AO as to what mitigation may be necessary for the discovered paleontologic material before construction can continue.

General Conditions of Approval

- A 30 foot corridor right-of-way shall be approved. Upon completion of each pipeline in corridor, they shall be identified and filed with the Ute Tribe.
- A qualified Archaeologist accompanied by a Tribal Technician will monitor trenching construction of pipeline.
- The Ute Tribe Energy & Minerals Department is to be notified, in writing 48 hours prior to construction of pipeline.
- Construction Notice shall be given to the department on the Ute Tribe workdays, which are Monday through Thursday. The Company understands that they may be responsible for costs incurred by the Ute Tribe after hours.
- The Company shall inform contractors to maintain construction of pipelines within the approved ROW's.
- The Company shall assure the Ute Tribe that "ALL CONTRACTORS, INCLUDING SUB-CONTRACTORS, LEASING CONTRACTORS, AND ETC." have acquired a current and valid Ute Tribal Business License and have "Access Permits" prior to construction, and will have these permits in all vehicles at all times.
- You are hereby notified that working under the "umbrella" of a company does not allow you to be in the field, and can be subject to those fines of the Ute Tribe Severance Tax Ordinance.
- Any deviation of submitted APD's and ROW applications the Companies will notify the Ute Tribe and BIA in writing and will receive written authorization of any such change with appropriate authorization.
- The Company will implement "Safety and Emergency Plan." The Company's safety director will ensure its compliance.
- All Company employees and/or authorized personnel (sub-contractors) in the field will have approved applicable APD's and/or ROW permits/authorizations on their person(s) during all phases of construction.
- All vehicular traffic, personnel movement, construction/restoration operations shall be confined to the area examined and approved, and to the existing roadways and/or evaluated access routes.

- All personnel shall refrain from collecting artifacts, any paleontological fossils, and from disturbing any significant cultural resources in the area.
- The personnel from the Ute Tribe Energy & Minerals Department shall be notified should cultural remains from subsurface deposits be exposed or identified during construction. All construction will cease.
- All mitigative stipulations contained in the Bureau of Indian Affairs Site Specific Environmental Assessment (EA) will be strictly adhered.
- Upon completion of Application for Corridor Right-Way, the company will notify the Ute Tribe Energy & Minerals Department, so that a Tribal Technician can verify Affidavit of Completion.

ADDITIONAL CONDITIONS OF APPROVAL:

- There will need to be consultation with the current Grazing Lease holder for further stipulations.
- Noxious weeds will be controlled and maintained while construction is taking place. There will also be need to do constant monitoring and maintenance on the noxious weeds within the ROW corridor and well site location to prevent further spreading.
- If construction is going to take place within March 15- August 15, it is required that a burrowing owl survey take place.
- BLM Stipulation – wind road as much as possible within the 30' corridor to minimize soil erosion and water build up.
- Consult with the Uintah County Roads Department for their specifications on road encroachment and burrowing under their ROW.
- Consult with the Uintah Basin Field Services/Three Rivers Pipeline Company, c/o Questar Gas Management (Brent Searle (435) 781-4383) for proper instructions on where the proposed pipeline needs to be connected to the Three Rivers Pipeline.
- Equipment will be required to be painted Carlsbad Canyon.
- For any other additional stipulations, see concurrence letter.

**DOWNHOLE PROGRAM
CONDITIONS OF APPROVAL (COAs)**

SITE SPECIFIC DOWNHOLE COAs:

- Electronic/mechanical mud monitoring equipment shall be required, which shall include as a minimum; pit volume totalizer (PVT); stroke counter; and flow sensor.
- Casing shoe integrity test shall be performed on the surface casing.
- The production cement top shall be at a minimum of 200' above the surface casing shoe.
- The Gamma ray log shall be run from TD to surface.

All provisions outlined in Onshore Oil & Gas Order #2 Drilling Operations shall be strictly adhered to. The following items are emphasized:

DRILLING/COMPLETION/PRODUCING OPERATING STANDARDS

- The spud date and time shall be reported orally to Vernal Field Office within 24 hours of spudding.
- Notify Vernal Field Office Supervisory Petroleum Engineering Technician at least 24 hours in advance of casing cementing operations and BOPE & casing pressure tests.
- All requirements listed in Onshore Order #2 III. E. Special Drilling Operations are applicable for air drilling of surface hole.
- Blowout prevention equipment (BOPE) shall remain in use until the well is completed or abandoned. Closing unit controls shall remain unobstructed and readily accessible at all times. Choke manifolds shall be located outside of the rig substructure.
- All BOPE components shall be inspected daily and those inspections shall be recorded in the daily drilling report. Components shall be operated and tested as required by Onshore Oil & Gas Order No. 2 to insure good mechanical working order. All BOPE pressure tests shall be performed by a test pump with a chart recorder and **NOT** by the rig pumps. Test shall be reported in the driller's log.
- BOP drills shall be initially conducted by each drilling crew within 24 hours of drilling out from under the surface casing and weekly thereafter as specified in Onshore Oil & Gas Order No. 2.
- Casing pressure tests are required before drilling out from under all casing strings set and cemented in place.
- No aggressive/fresh hard-banded drill pipe shall be used within casing.
- **Cement baskets shall not be run on surface casing.**

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- The operator must report encounters of all non oil & gas mineral resources (such as Gilsonite, tar sands, oil shale, trona, etc.) to the Vernal Field Office, in writing, within 5 working days of each encounter. Each report shall include the well name/number, well location, date and depth (from KB or GL) of encounter, vertical footage of the encounter and, the name of the person making the report (along with a telephone number) should the BLM need to obtain additional information.
- A complete set of angular deviation and directional surveys of a directional well will be submitted to the Vernal BLM office engineer within 30 days of the completion of the well.
- While actively drilling, chronologic drilling progress reports shall be filed directly with the BLM, Vernal Field Office on a weekly basis in sundry, letter format or e-mail to the Petroleum Engineers until the well is completed.
- A cement bond log (CBL) will be run from the production casing shoe to the top of cement and shall be utilized to determine the bond quality for the production casing. Submit a field copy of the CBL to this office.
- **Please submit an electronic copy of all other logs run on this well in LAS format to UT_VN_Welllogs@BLM.gov. This submission will supersede the requirement for submittal of paper logs to the BLM.**
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- All wells, whether drilling, producing, suspended, or abandoned, shall be identified in accordance with 43 CFR 3162.6. There shall be a sign or marker with the name of the operator, lease serial number, well number, and surveyed description of the well.
- In accordance with 43 CFR 3162.4-3, this well shall be reported on the "Monthly Report of Operations" (Oil and Gas Operations Report ((OGOR)) starting with the month in which operations commence and continue each month until the well is physically plugged and abandoned. This report shall be filed in duplicate, directly with the Minerals Management Service, P.O. Box 17110, Denver, Colorado 80217-0110, or call 1-800-525-7922 (303) 231-3650 for reporting information.
- Should the well be successfully completed for production, the BLM Vernal Field office must be notified when it is placed in a producing status. Such notification will be by written communication and must be received in this office by not later than the fifth business day following the date on which the well is placed on production. The notification shall provide, as a minimum, the following informational items:
 - Operator name, address, and telephone number.
 - Well name and number.
 - Well location ($\frac{1}{4}$ Sec., Twn, Rng, and P.M.).
 - Date well was placed in a producing status (date of first production for which royalty will be paid).
 - The nature of the well's production, (i.e., crude oil, or crude oil and casing head gas, or natural gas and entrained liquid hydrocarbons).
 - The Federal or Indian lease prefix and number on which the well is located; otherwise the non-Federal or non-Indian land category, i.e., State or private.
 - Unit agreement and/or participating area name and number, if applicable.
 - Communitization agreement number, if applicable.
- Any venting or flaring of gas shall be done in accordance with Notice to Lessees (NTL) 4A and needs prior approval from the BLM Vernal Field Office.
- All undesirable events (fires, accidents, blowouts, spills, discharges) as specified in NTL 3A will be reported to the BLM, Vernal Field Office. Major events, as defined in NTL3A, shall be reported verbally within 24 hours, followed by a written report within 15 days. "Other than Major Events" will be reported in writing within 15 days. "Minor Events" will be reported on the Monthly Report of Operations and Production.
- Whether the well is completed as a dry hole or as a producer, "Well Completion and Recompletion Report and Log" (BLM Form 3160-4) shall be submitted not later than 30 days after completion of the well or after completion of operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs run, core descriptions, and all other surveys or

data obtained and compiled during the drilling, workover, and/or completion operations, shall be filed on BLM Form 3160-4. Submit with the well completion report a geologic report including, at a minimum, formation tops, and a summary and conclusions. Also include deviation surveys, sample descriptions, strip logs, core data, drill stem test data, and results of production tests if performed. Samples (cuttings, fluid, and/or gas) shall be submitted only when requested by the BLM, Vernal Field Office.

- All off-lease storage, off-lease measurement, or commingling on-lease or off-lease, shall have prior written approval from the BLM Vernal Field Office.
- Oil and gas meters shall be calibrated in place prior to any deliveries. The BLM Vernal Field Office Petroleum Engineers will be provided with a date and time for the initial meter calibration and all future meter proving schedules. A copy of the meter calibration reports shall be submitted to the BLM Vernal Field Office. All measurement facilities will conform to the API standards for liquid hydrocarbons and the AGA standards for natural gas measurement. All measurement points shall be identified as the point of sale or allocation for royalty purposes.
- A schematic facilities diagram as required by Onshore Oil & Gas Order No. 3 shall be submitted to the BLM Vernal Field Office within 30 days of installation or first production, whichever occurs first. All site security regulations as specified in Onshore Oil & Gas Order No. 3 shall be adhered to. All product lines entering and leaving hydrocarbon storage tanks will be effectively sealed in accordance with Onshore Oil & Gas Order No. 3.
- Any additional construction, reconstruction, or alterations of facilities, including roads, gathering lines, batteries, etc., which will result in the disturbance of new ground, shall require the filing of a suitable plan and need prior approval of the BLM Vernal Field Office. Emergency approval may be obtained orally, but such approval does not waive the written report requirement.
- No location shall be constructed or moved, no well shall be plugged, and no drilling or workover equipment shall be removed from a well to be placed in a suspended status without prior approval of the BLM Vernal Field Office. If operations are to be suspended for more than 30 days, prior approval of the BLM Vernal Field Office shall be obtained and notification given before resumption of operations.
- Pursuant to Onshore Oil & Gas Order No. 7, this is authorization for pit disposal of water produced from this well for a period of 90 days from the date of initial production. A permanent disposal method must be approved by this office and in operation prior to the end of this 90-day period. In order to meet this deadline, an application for the proposed permanent disposal method shall be submitted along with any necessary water analyses, as soon as possible, but no later than 45 days after the date of first production. Any method of disposal which has not been approved prior to the end of the authorized 90-day period will be considered as an Incident of Noncompliance and will be grounds for issuing a shut-in order until an acceptable manner for disposing of said water is provided and approved by this office.
- Unless the plugging is to take place immediately upon receipt of oral approval, the Field Office Petroleum Engineers must be notified at least 24 hours in advance of the plugging of the well, in order that a representative may witness plugging operations. If a well is suspended or abandoned, all pits must be fenced immediately until they are backfilled. The "Subsequent Report of Abandonment" (Form BLM 3160-5) must be submitted within 30 days after the actual plugging of the well bore, showing location of plugs, amount of cement in each, and amount of casing left in hole, and the current status of the surface restoration.

RECEIVED
VERNAL FIELD OFFICE

FORM APPROVED
OMB No. 1004-0137
Expires July 31, 2010

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

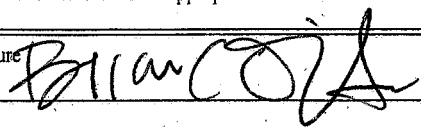
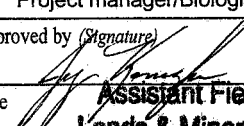
SEP 26 AM 10 48

APPLICATION FOR PERMIT TO DRILL OR REENTER

1a. Type of work: <input checked="" type="checkbox"/> DRILL <input type="checkbox"/> REENTER		5. Lease Serial No. UTU-027041
1b. Type of Well: <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/> Single Zone <input type="checkbox"/> Multiple Zone		6. If Indian, Allottee or Tribe Name Ute Tribe
2. Name of Operator Pioneer Oil Co. Inc.		7. If Unit or CA Agreement, Name and No.
3a. Address RR # 4 Box 142B Laweranceville, IL 62439	3b. Phone No. (include area code) (618)-943-5314	8. Lease Name and Well No. Ute Tribal 1-7-T9S-R20E 1-7-9-20
4. Location of Well (Report location clearly and in accordance with any State requirements.)* At surface 1-7-T9S-R20E 1868' FSL 1808' FEL At proposed prod. zone Same as above		9. API Well No. 43-047-39958
14. Distance in miles and direction from nearest town or post office* Approximatley 4 miles of Southwest of Ouray, Utah		10. Field and Pool, or Exploratory Exploratory
15. Distance from proposed* location to nearest property or lease line, ft. 1860' from SL 1806' from EL (Also to nearest drig. unit line, if any)	16. No. of acres in lease 474.4	11. Sec., T. R. M. or Blk. and Survey or Area NW/SE, Sec7, T9S R 20 E SLC
18. Distance from proposed location* to nearest well, drilling, completed, applied for, on this lease, ft. pending	19. Proposed Depth 10,800 -13,500	12. County or Parish Uintah
21. Elevations (Show whether DF, KDB, RT, GL, etc.) pending	22. Approximate date work will start* upon Approval	13. State UT
23. Estimated duration 20-50 days		
24. Attachments		

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No.1, must be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO must be filed with the appropriate Forest Service Office).
4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification
6. Such other site specific information and/or plans as may be required by the BLM.

25. Signature 	Name (Printed/Typed) Brian C. O'Hearn	Date 09/25/2008
Title Project manager/Biologist(signed for Pioneer Oil Co. Inc.)		
Approved by (Signature) 	Name (Printed/Typed) J. J. Hanks	Date DEC 01 2008
Title Assistant Field Manager Lands & Mineral Resources		
Office VERNAL FIELD OFFICE		

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

CONDITIONS OF APPROVAL ATTACHED

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on page 2)

*(Instructions on page 2)

RECEIVED

NOTICE OF APPROVAL

DEC 08 2008

DIV. OF OIL, GAS & MINING

UDOGM

NDS 10/24/07

09CXS0014A



RECEIVED
United States Department of the Interior

2008 BUREAU OF LAND MANAGEMENT

Utah State Office

DEPT OF THE INTERIOR
P.O. Box 45155
Salt Lake City, UT 84145-0155
<http://www.blm.gov>



IN REPLY REFER TO:

3104

(UT-922)

SEP 19 2008

DECISION

Principal:

Pioneer Oil Company

RR 4, Box 142B

Hwy 50 & Airport Road

Lawrenceville, IL 62439

Bond Amount: \$10,000

Bond Type: Statewide Oil and Gas

Financial Institution:

The Bank of Lawrence County

Attn: George J. Abel

100 East State Street

P. O. Box 9

Bridgeport, IL 62417

Bond Instrument: Letter of Credit (LOC)

No.: 1553

BLM Bond No.: UTB000 ~~332~~

Personal Bond and Letter of Credit Accepted
For Individual Lease

On September 12, 2008, this office received an executed bond form and Letter of Credit (LOC), No. 1553, in the amount of \$10,000 to provide coverage for all operations conducted by or on behalf of Pioneer Oil Company on oil and gas lease UTU27041. The bond and LOC have been examined, found satisfactory, and are accepted effective September 12, 2008.

The LOC will be retained by this office until all the terms and conditions of your lease have been fulfilled or until a satisfactory replacement bond has been accepted by the Bureau of Land Management (BLM). The term of the LOC will continue indefinitely in the absence of a notice from The Bank of Lawrence County of its determination not to renew the LOC. The notice must be received in this office at least 90 days prior to the original expiration date of September 14, 2009. A copy of this notice must also be provided to the obligor, who would then be responsible for providing replacement bonding to the BLM. Unless the obligor provides a satisfactory replacement bond at least 30 days prior to the fixed expiration date, BLM will demand that the financial institution pay the full amount of the LOC to BLM to ensure we have continued bond coverage for the obligor. These funds will be retained until the bond is no longer necessary or until a replacement bond has been accepted by the BLM.

The bond will be maintained by this office and constitutes coverage of all operations conducted by the obligor on Federal lease UTU27041 in the State of Utah. The bond provides coverage to the obligor where that obligor has interest in, and/or responsibility for operations on this lease. Please note that Federal leases do not include Indian leases.

If you have any questions, please contact Connie Seare of the office at (801) 539-4111.

/s/ Becky J. Hammond

Becky J. Hammond
Chief, Branch of Fluid Minerals

bcc: Vernal Field Office
Lease File UTU27041
Reading File
Central Files
CSeare:cs (09/19/08)



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/en/fo/vernal/html>



IN REPLY REFER TO:

3160

UT08300

CERTIFIED MAIL

RETURN RECEIPT REQUESTED 7006 2760 0000 6357 9583

August 14, 2008

Pioneer Oil Company, Inc.
Attn: Michael Robinson
Hwy 50 & Airport Road
RR 4, Box 142B
Lawrenceville, IL 62439

Re: Rescind APD Approval
Pioneer #1-7-9-20
NWSE, Sec. 7, T9S, R20E
Uintah County, Utah
Lease No. UTU-27041

Dear Mr. Robinson:

The Application for Permit to Drill (APD) for the above-referenced well, the Pioneer #1-7-9-20, was approved by our office on March 7, 2008. A subsequent review of our records revealed that Pioneer Oil Company, Inc. does not have a BLM bond to cover the operations for this well. This was verified with Connie Seare, Land Law Examiner for BLM bonds, in the BLM Utah State Office located in Salt Lake City, UT.

In view of the foregoing, the approval of the APD is rescinded effective the date of this correspondence due to the lack of bond coverage. Pioneer Oil Company, Inc. has 45 days from receipt of this decision to obtain a BLM bond or provide documentation that a bond has been submitted to our Utah State Office for approval. If a bond is not in place within 45 days, or if documentation has not been provided that a bond has been submitted for approval, your APD will be returned to you.

Pioneer Oil Company, Inc. has the right to protest this decision as per the requirements of 43 CFR 3165.3(b). If you have any questions in this matter, please contact me at phone number (435) 781-4440.

Sincerely,

Jerry Kenczka
Assistant Field Manager
Lands & Minerals Resources

Enclosure

cc: UDOGM



JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

June 2, 2009

Pioneer Oil Company Inc.
RR#4 Box 142B
Lawrenceville, IL 62439

Re: APD Rescinded – Ute Tribal 1-7-9-20, Sec.7, T. 9S, R. 20E,
Uintah County, Utah API No. 43-047-39958


Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on March 5, 2008. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 2, 2009.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,


Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal





United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Green River District-Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/ut/st/en/fo/vernal.html>



JUN 30 2011

IN REPLY REFER TO:
3160 (UTG011)

Pioneer Oil Company, Inc.
Attn: Michael Robinson
Hwy 50 & Airport Road
RR 4, Box 142B
Lawrenceville, IL 62439

43 047 39958

Re: Notice of Expiration
Well No. Ute Tribal 1-7-9-20
NWSE, Sec. 7, T9S, R20E
Uintah County, Utah
Lease No. UTU-27041

RECEIVED
JUL 11 2011
DIV. OF OIL, GAS & MINING

Dear Mr. Robinson:

The Application for Permit to Drill (APD) for the above referenced well was approved on December 1, 2008. No extension of the original APD was requested. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location in the future, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

If you have any questions regarding this matter, please contact Cindy Severson at (435) 781-4455.

Sincerely,

Jerry Kenczka
Assistant Field Manager
Lands & Mineral Resources

cc: UDOGM
BIA
Ute Tribe
Brian O'Hearn